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August 18, 2026

TO: Supervisor Hilda L. Solis, Chair
Supervisor Kathryn Barger
Supervisor Holly J. Mitchell
Supervisor Lindsey P. Horvath
Supervisor Janice Hahn

FROM: Kelly LoBianco, Director

SUBJECT: **REPORT BACK ON MOTION BY SUPERVISOR LINDSEY P. HORVATH PROTECTING ENTERTAINMENT JOBS: EVALUATING THE ECONOMIC IMPACT OF THE PURCHASE OF WARNER BROS (ITEM NO. 19 OF THE MARCH 17, 2026. AGENDA)**

On March 17, 2026, your Board of Supervisors (Board) adopted a motion introduced by Supervisor Lindsey P. Horvath, directing the LA County Department of Economic Opportunity (DEO) and the LA County Film Office (Film Office), in collaboration with the Chief Executive Office (CEO) and any other relevant County Departments and stakeholders, to:

1. Report back in writing in 60 days with an interim report back and 120 days with a final report back on the economic impact of the proposed purchase on the Los Angeles County economy, including but not limited to the workforce—direct, indirect and induced employment.

2. Delegate authority to the Director of DEO, or their designee, to negotiate, execute, and amend agreement(s) necessary to implement and advance the directive in this motion. The Board shall waive the requirements of Board Policy No. 5.100 for these agreements. These agreement(s) and any amendment(s) shall be approved as to form by County Counsel.

The Department will fund this using funds currently in their Board-approved FY2025-26 operating budget and work with CEO to ensure sufficient resources for the economic impact analysis.

3. Create an action plan to support this workforce with job training and job placement by leveraging High Road Training Partnerships and other workforce programs.

4. Direct County Counsel to submit formal comments to the U.S. Department of Justice regarding antitrust concerns, and monitor any action taken by State Attorneys General, including California Attorney General Rob Bonta, who are investigating this deal and its potential anti-competitive impacts.

This report responds to Directive One (1) Report back in writing in 120 days with a final report back on the economic impact of the proposed purchase on the Los Angeles County economy, including but not limited to the workforce—direct, indirect and induced employment.

The 60-Day Interim Report was submitted to the Board on June 18, 2026.

RECENT DEPARTMENT OF JUSTICE MERGER APPROVAL

The trajectory of the proposed Merger has changed since the submission of the 60-day interim report. At that time, the U.S. Department of Justice (DOJ) had approved and closed its review on June 12, 2026. Shortly thereafter, California Attorney General (AG) Rob Bonta filed a lawsuit, now joined by eleven other states, to block the merger citing antitrust violations. Under a court stipulation entered July 24, 2026, the companies may not close the transaction until the earlier of five days after a decision on the merits or June 1, 2027. The trial is set for March 2–19, 2027. The parties' contractual termination date is March 4, 2027, extendable to June 4, 2027, with a $7 billion regulatory termination fee payable only on specified triggers. The transaction has otherwise received approvals reported across 66 jurisdictions, including the United States, United Kingdom, and European Union, and a competing bid for Warner Bros. Discovery has been publicly reported.

Multiple media outlets have reported, but not final, that Skydance CEO David Ellison has announced intention to relocate Paramount Skydance out of California absent a settlement with the AG, on an October 1, 2026, internal deadline, along with an earlier written offer to the AG of twelve concessions that reportedly included keeping both the Paramount and Warner Bros. studio lots open and placing the 30-film annual release pledge in writing with a financial penalty for not meeting that target. The final report includes these accounts only as reported claims because they relate directly to the County's exposure; none of the report's findings depend on them.

DIRECTIVE ONE – 120 Day Report

The attached final report, prepared by CVL Economics, provides a comprehensive assessment of the Merger's production workforce implications, the continuing decline in local production capture, implications of possible property tax assessment if the deal is successful, and the effects on crews, crafts, post-production personnel, vendors, and production-serving small businesses, alongside

the direct, indirect, and induced economic impact modeling required by the motion. (Attachment A)

Summary of Report Findings

The County's review of the proposed Paramount Skydance acquisition of Warner Bros. Discovery consists of two reports prepared by CVL Economics. Together, based on available information, these reports provide a comprehensive picture of how the transaction—and the industry conditions surrounding it—affect Los Angeles County's entertainment workforce, production economy, and fiscal landscape.

As a recap, the 60-Day Report evaluated the risks to Corporate-level positions, which included the following: (Attachment B)

- A potential loss of 15,567 corporate roles that overlap across both companies, with 6,099 shared, and 2,495 jobs specifically in Los Angeles County.
- The greatest duplication of positions and responsibilities in linear networks, studio operations, corporate functions, technology, marketing, and ad sales.
- Consolidation may inevitably have a substantial impact on LA County because it has the largest concentration of overlapping functions within the merged entity.
- The combined company would begin operations carrying approximately $82 billion in gross debt.
- Although the new company has pledged to release 30 theatrical films a year, this does not guarantee that production work will remain in the Los Angeles area. Of 19 Paramount Skydance and Warner Brothers Discovery films scheduled for 2025, only one was primarily shot in California; most production happened out of State or overseas.

120-Day Final Report – Production Landscape impacts

The numbers in this new report show how much job capacity could be at risk if the merger unfolds as described. They are measured in "job-years," which measure the total volume of work that could disappear over time. These numbers should not be interpreted as a prediction of actual layoffs as the companies involved have not announced any job cuts like those modeled in the study.

The key point in the report is that many groups such as regulators, workers, investors, and state and local governments all have some level of risk if this merger is ultimately approved. These estimates simply illustrate what that potential risk looks like for Los Angeles County specifically.

- If the merger goes through, about 4,500 film and TV jobs in Los Angeles County could be lost over the three-year period when the companies combine operations.

- In total, 10,360 job years could be at risk, including:
    - 2,661 indirect jobs at small businesses that support production — such as prop houses, printers, transportation companies, and other vendors.
    - 3,204 induced jobs that exist because film and TV workers spend money in the local economy — including restaurants, retailers, and service providers.
- The economic impact of losing these jobs is significant. At stake:
    - $1.26 billion in wages
    - $2.78 billion in economic value
    - $4.06 billion in total business output
    - $547 million in tax revenue, including $78.6 million in local taxes — most of which (63%) comes from property taxes.

To put this into perspective, the direct jobs at risk account for nearly 9% of the 52,016 film and TV jobs California has already lost since 2022 — and almost all those losses (99.6%) occurred in Los Angeles County.

Why Job Losses Would Occur

The report identifies five mechanisms through which merger-driven reductions count translate into local job losses:

1. **Slate consolidation (fewer buyers = fewer greenlights)**

   The merger combines two of the top unscripted/talk show studios, raising concentration significantly. This reduces the overall number of unscripted/talk shows and related opportunities for Los Angeles–based crews.

2. **Talent deals at risk**

   About 895 creators hold exclusive deals with the two companies; if development shrinks, these creators (and their crews) will lose work.

3. **Location decisions shifting production away**

   Television production is currently the strongest part of Los Angeles's entertainment industry. However, if two major companies merge, the decisions they make about *where* to film their shows could dramatically affect how much production stays in California.

4. **Cost of living and Tax Credit incentives pressure**

   High cost of living in LA County and California combined with stronger incentives out of State and abroad contribute to work shifting out of State and County.

DIRECTIVE THREE

Create an action plan to support this workforce with job training and job placement by leveraging High Road Training Partnerships (HRTP)s and other workforce programs.

As mentioned in the 60-Day report, DEO manages the County's public workforce system, including 18 America's Job Centers of California and a range of hiring and training services that support economic mobility for workers and businesses. This has included a $6.2 million in Creative Sector High Road Training Partnerships (HRTP) since 2021 that collaborate with employers to train or retrain workers in the creative sector, including opportunities for mid-career and senior professionals interested in retraining is similar or different skill sets.

DEO's plan to support dislocated workers as a result of the Merger will include:

- Launch of a new HRTP in October 2026, developed with the Worldwide Starship Foundation for $1.1 million. The Rain Man 2.0 Initiative will create a talent pipeline for autistic and neurodivergent adults, leveraging strengths aligned with animation and digital media while reconnecting local talent to mentorship, paid experience, and portfolio development.

- DEO will be releasing applications for additional HRTPs in FY2026-27, which will include opportunities for training providers and partners in the creative sector to apply for funds for training programs that can serve workers impacted by the merger.

- Rapid Response orientations with expedited access to unemployment benefits, social services, and health and mental health resources. DEO will coordinate with EDD to seek Additional Assistance grants that expand training and supportive services.

- Targeted job fairs organized with Rapid Response teams, AJCCs, and regional employers to help displaced workers secure new roles. These events will offer job readiness support and may include financial incentives for employers, such as tax credits or wage subsidies.

- Collaboration with the California Film Commission to explore ways to link laid-off workers with employers benefiting from California production tax credits.

DIRECTIVE FOUR

Direct County Counsel to submit formal comments to the U.S. Department of Justice regarding antitrust concerns, and monitor any action taken by State Attorneys General, including California Attorney General Rob Bonta, who are investigating this deal and its potential anti-competitive impacts.

Counsel will submit formal comments to the DOJ regarding antitrust concerns, monitor any action taken by State Attorneys General regarding the proposed merger deal, and monitor the actions of California Attorney General Rob Bonta in his investigation of the proposed Paramount-Warner Brothers merger and its potential anti-competitive impacts.

CONCLUSION

The recent extension of the Paramount Skydance and Warner Bros. Discovery merger timeline—now prohibited from closing before June 2027 under the court order underscores the urgency of the concerns raised in Supervisor Lindsey P. Horvath's March 17, 2026, Motion. Although the DOJ approved the transaction on June 12, 2026, the prolonged period of uncertainty presents ongoing risks for Los Angeles County's entertainment workforce and production economy.

Given strong interest from industry stakeholders, workers, and labor partners, DEO will continue to prioritize the provision of all its workforce, business support, and other concierge services to safeguard entertainment sector jobs. This includes preparing targeted interventions to mitigate potential layoffs of those who may be vulnerable to merger-related restructuring or consolidation.

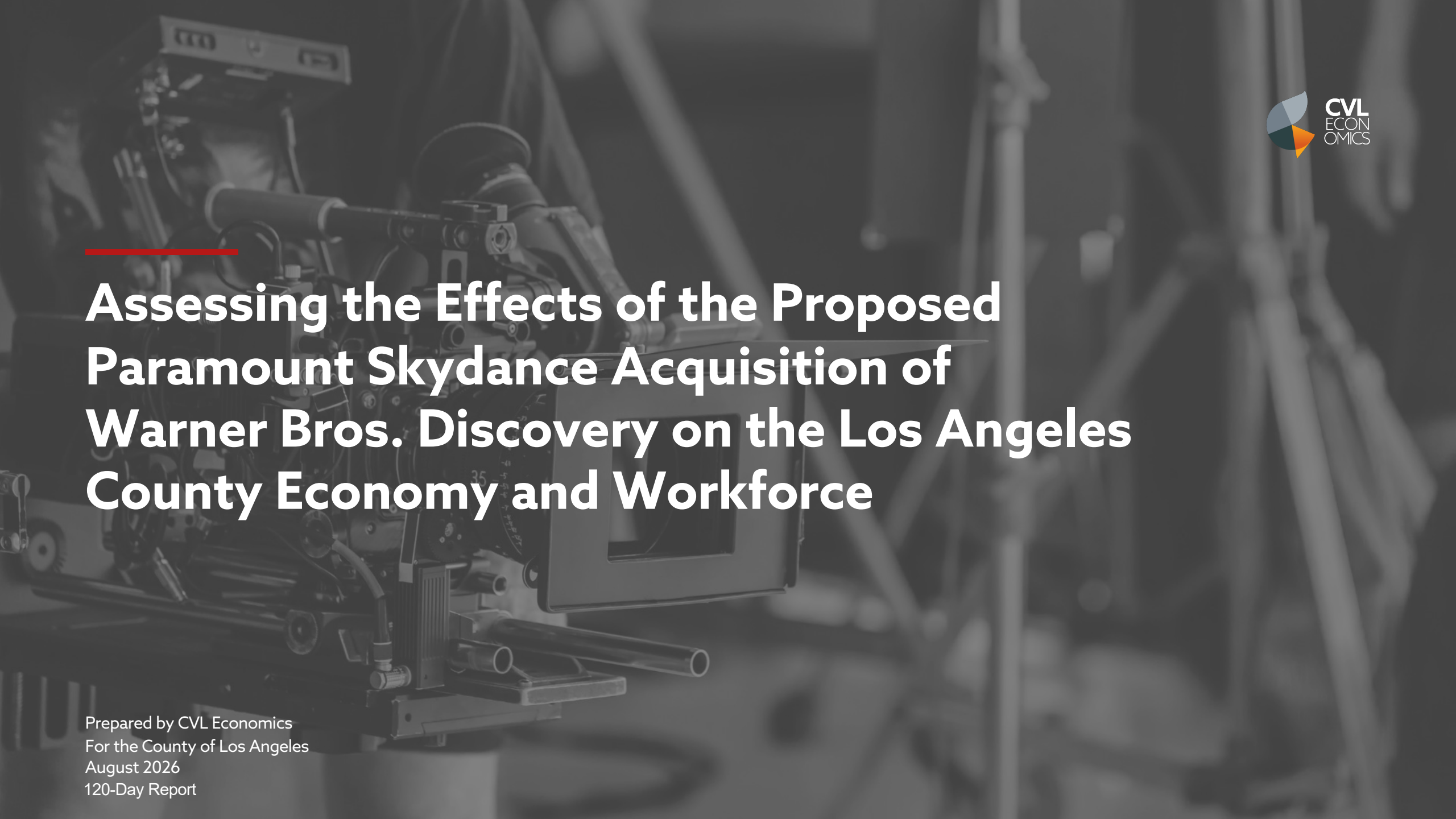
The extended merger timeline provides additional preparation time but also prolongs exposure to the potential risks presented in this report. Therefore, DEO will act quickly and proactively to support the County's creative economy while sustaining close coordination with regional partners, such as the Cities of Los Angeles and Burbank, studios, unions, associations, guilds, and affected businesses throughout the period leading up to June 2027 and after.

If you have any questions, please contact me, or your staff may contact Gary Smith, Head of the Los Angeles County Film Office, at gsmith@opportunity.lacounty.gov.

KL:LL:GS:npg: dm

c: Executive Office, Board of Supervisors
Chief Executive Office
County Counsel
California Film Commission

Attachments



Assessing the Effects of the Proposed Paramount Skydance Acquisition of Warner Bros. Discovery on the Los Angeles County Economy and Workforce

Prepared by CVL Economics
For the County of Los Angeles
August 2026
120-Day Report

Where the transaction stands as of August 11, 2026

The County Board's motion of March 17, 2026 commissioned this work in response to the proposed transaction between Paramount Skydance and Warner Bros. Discovery. Since then, the transaction has advanced through regulatory review while facing a multistate legal challenge. The merger has not closed, and its ultimate outcome remains unresolved.

Transaction status and key dates

- Paramount Skydance announced its tender offer on December 8, 2025 and signed a negotiated merger agreement with Warner Bros. Discovery on February 27, 2026, at $31.00 per share and a total transaction value of approximately $110 billion.
- The U.S. Department of Justice closed its antitrust review on June 12, 2026. Approvals have also been reported across several other jurisdictions, including the United Kingdom and European Union.
- The California Attorney General, joined by eleven other states, has sued to block the transaction. Trial is scheduled for March 2–19, 2027.
- Under a July 24, 2026 court stipulation, the parties may not close until five days after a decision on the merits or June 1, 2027, whichever occurs earlier.
- The merger agreement has a March 4, 2027 termination date, extendable to June 4, 2027. A $7 billion regulatory termination fee applies under specified circumstances.

This report does not forecast the litigation outcome.

A note on reported commitments

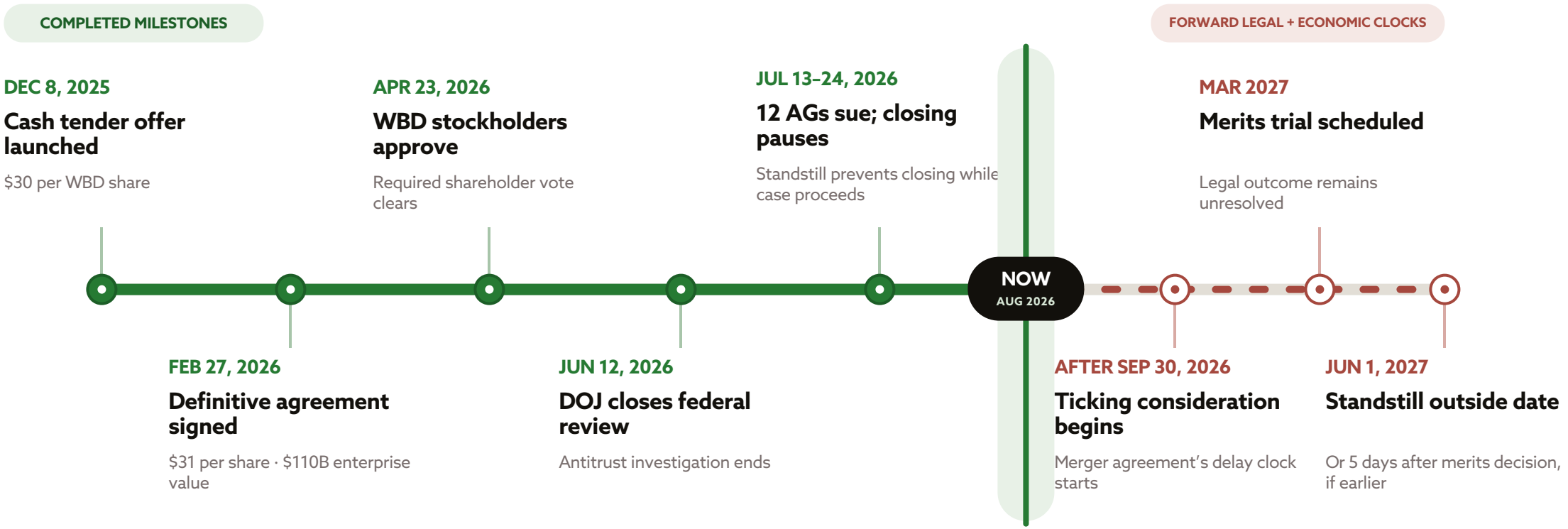
Several claims relevant to Los Angeles County have been publicly reported but are not established commitments in the record reviewed for this analysis. They are included where relevant because they bear directly on the County's potential exposure:

- Management and relocation. Puck reported that David Ellison intends to retain the twelve-member executive leadership team and has considered moving Paramount Skydance's headquarters to Tennessee, Texas, Georgia, or another state absent a settlement with the California Attorney General.
- Employment, real estate, and tax savings. The same reporting described a five-year plan involving the relocation of most studio jobs, retention of a Hollywood creative hub, approximately $500 million annually in state tax savings, and potential sales of Paramount and/or Warner real estate.
- Production commitments. A separately reported proposal to the California Attorney General included maintaining greenlights and Los Angeles production, a commitment to at least 30 films per year, a financial penalty, and a three-year term.

Where these claims appear in the report, they are identified as reported claims rather than established facts or assumptions of the analysis.

Sources: merger agreement and related filings; DOJ closing statement; California Attorney General filings and the July 24, 2026 stipulation; Paramount Skydance Form 10-Q (Aug. 4, 2026); Puck (M. Belloni), Aug. 11, 2026.

Bid to litigation in seven months



Sources: Paramount Skydance (Dec. 8, 2025); Warner Bros. Discovery / Paramount Skydance (Feb. 27, 2026); Warner Bros. Discovery (Apr. 23, 2026); U.S. Department of Justice, Antitrust Division (Jun. 12, 2026); California Attorney General (Jul. 13 & Jul. 24, 2026); LA County 120-Day Report Project Timeline, CVL Economics.

This report's analytical framework

Los Angeles County commissioned this analysis to assess the potential impacts of the proposed transaction on the County's workforce and economy. An initial assessment—the County's "60-Day Report" published on June 17, 2026—focused primarily on potential overlap within the companies' corporate workforces. This subsequent report ("120-Day Report") builds on those findings to assess the boarder potential impacts of the transaction, including impacts to the creative and production workforce and the broader economic activity it supports across Los Angeles County.

As such, the overall analysis considers two distinct interconnected workforces:

Corporate Workforce

Corporate, technology, distribution, advertising sales, and administrative functions. This workforce was the primary focus of the County's 60-Day Report, which identified 15,567 same-function overlaps, including 6,099 co-located positions and approximately 2,495 in Greater Los Angeles.

Slate-Dependent Creative & Production Workforce

Creators, craftspeople, and crews whose employment depends on projects being greenlit and produced. This includes all production workers (above-the-line and below-the-line).

The two workforces are affected differently. Corporate roles may be eliminated through consolidation, while slate-dependent employment declines when fewer projects are greenlit or produced.

The five-link transmission chain

Capital structure: leverage and free cash flow set the ceiling on content spend.

Slate decisions: how many titles are greenlit, renewed, and at what season length.

Location choice: where a greenlit title actually shoots, and which incentive regime it uses.

Production spend in place: stage days, crew weeks, vendor invoices in Los Angeles County.

Household and fiscal effect: wages, consumer spending, and public revenue.

Source: CVL Economics

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Key Terms

Above-the-line (ATL)
Creative roles associated with developing and leading a production, including producers, directors, writers, and principal cast.

Below-the-line (BTL)
Crew and production roles involved in executing a production, including camera, lighting, sound, art department, costumes, hair and makeup, and other technical and craft positions.

Corporate workforce
Employees supporting the companies' enterprise and commercial operations, including corporate, technology, distribution, advertising sales, and administrative functions. Distinct in this report from the project-based creative and production workforce.

Production workforce
Workers whose employment depends on individual film and television projects being developed and produced, including both above-the-line and below-the-line workers. Many are hired on a project basis rather than employed permanently by a studio.

Value chain
The sequence through which film and television projects move from creative development and production through distribution and delivery to audiences.

Job-year
One job sustained for one year. Job-years measure employment over time rather than unique workers. For example, one job lasting three years equals three job-years.

Direct impact
Employment and economic activity within the industry directly affected by the modeled change. In this report, the direct employment impact refers to Los Angeles County's motion picture and video production industry.

Indirect impact
Employment and economic activity affected through changes in industry purchasing from suppliers and service providers. In this report, many indirect effects remain within the broader entertainment cluster.

Induced impact
Employment and economic activity affected when changes in worker earnings lead to changes in household spending across the broader economy.

Total economic impact
The combined direct, indirect, and induced effects of the modeled change.

Economic output
The total value of goods and services produced or sold as economic activity moves through the economy. Because it includes intermediate business-to-business transactions, it is broader than value added.

Value added
The value created by an industry after subtracting the cost of intermediate inputs. Conceptually similar to the industry's contribution to GDP.

Labor income
Employee compensation and proprietor income associated with the modeled economic activity.

00 / executive summary

If the merger closes as planned, an estimated 10,360 job-years could be at risk in Los Angeles County.

The planned merger and integration could put an estimated **4,495 direct film and television job-years at risk in Los Angeles County between 2027 and 2030**. As those losses move through businesses that support production and the broader County economy, total employment exposure reaches approximately **10,360 job-years**.

- **These estimates measure employment capacity at risk, not a forecast of layoffs.** One job sustained for one year equals one job-year, so the impact may be distributed across different workers, projects, and positions over the three-year integration period.
- **The impact extends beyond direct film and television employment.** An estimated 2,661 indirect job-years are at risk among businesses that support production, including independent artists, agents and promoters, sound recording, employment services, and equipment rental. A further 3,204 induced job-years reflect reduced household spending across the County economy.
- **The economic impact extends well beyond employment.** The modeled losses correspond to approximately $1.26 billion in labor income, $2.79 billion in value added, and $4.06 billion in economic output over the modeled period.
- **The fiscal impact extends across federal, state, and local government.** The modeled losses correspond to approximately $547 million in tax revenue, including $78.6 million in local tax revenue.
- **Impacts would emerge over time, not at closing.** Evidence from six completed media mergers shows workforce actions unfolding over several years following a transaction, supporting continued monitoring of employment and production activity rather than a single point-in-time assessment.

Direct industry impact | 2027-2030

–4,495 job-years

Motion picture & video production sector

Total countywide employment impact | 2027-2030

–10,360 job-years

Direct + indirect + induced

Total value-add impact | 2027-2030

–$2.79B

Contributions to GRP

Tax revenue at risk

–$547M

–$78.6M local, of which 63% is property tax

Source: IMPLAN, CVL Economics.

Those impacts would land on a production economy that is already contracting, while debt increases pressure to reduce costs

The merger would combine two large, overlapping media enterprises while management works to reduce costs and strengthen the combined company's balance sheet. Those financial pressures do not determine what will happen in Los Angeles County, but they increase the importance of decisions about content investment, production volume, and production location.

- **The combined company would enter integration with substantial leverage.** Management has committed to reaching investment-grade leverage metrics within three years, while the report identifies approximately $6.7 billion in potential annual cost reductions across overlapping operations. If revenues underperform or planned savings prove more difficult to achieve, pressure to identify additional cost reductions could increase.
- **That pressure arrives in a production market that is already contracting.** Los Angeles County film and television employment and U.S. content volumes have fallen materially from recent peaks. The merger did not cause that contraction, but consolidation is occurring against a smaller and more competitive pool of production activity.
- **Production decisions provide a direct channel to the Los Angeles economy.** Some major company costs are less adjustable in the near term, leaving greater discretion over the number, scale, and location of scripted projects. Production geography can therefore become a cost-management variable.
- **Corporate presence in Los Angeles does not guarantee production presence.** The combined company could maintain significant corporate and creative operations in the region while changing where individual projects or production functions occur.

The County's exposure therefore depends not only on how much content the combined company produces, but on how much of that production Los Angeles County captures.

Potential annual cost reductions

$6.7B

Needed to reach investment-grade leverage metrics within three years

County motion-picture jobs, 2025 average

93,263

A record low — 35.7% below the 2022 peak

California motion-picture jobs lost since 2022

−52,016

99.6% of them lost in Los Angeles County

Major U.S. releases, 2022 → 2025

2,122 → 1,629

Cable series fell from 992 (2019) to 579 (2025)

Source: Luminate Film & TV data (collected June 25, 2026); U.S. Bureau of Labor Statistics QCEW; CVL Economics.

Warner's global production footprint creates location risk alongside a potential near-term property-tax upside

Warner Bros. already operates substantial production infrastructure in both Burbank and Leavesden, its U.K. studio campus. Leavesden is becoming increasingly comparable to Burbank in physical stage capacity while benefiting from U.K. policies that reduce both recurring studio costs and project-level production costs. The analysis does not predict that production will move, but it identifies a credible lower-cost alternative for productions that can be located elsewhere.

- **Leavesden is approaching Burbank in physical production capacity.** By 2027, Leavesden's approved expansion would bring the campus to 730,800 square feet of conventional stage space — 87% of Burbank's 840,695 square feet. Leavesden will also have 10 stages of at least 30,000 square feet, compared with one at Burbank.
- **Burbank retains important production advantages.** Its standing sets, specialized stage infrastructure, stocked and staffed production departments, and extensive post-production facilities are not fully replicated at Leavesden. Leavesden's expansion therefore increases substitutability for some productions without making the two campuses interchangeable.
- **U.K. policy creates a measurable cost advantage.** Before film-specific relief, annual recurring property charges at the two campuses are nearly identical: $13.710 million at Burbank and $13.694 million at Leavesden. U.K. film-studio relief reduces Leavesden's net charge to $8.217 million — 40.1% below Burbank. Production incentives provide a separate project-level advantage.

Leavesden's planned stage floor relative to Burbank

87%

by 2027

Leavesden recurring property charge

40.1% lower

After U.K. film-studio relief

Source: Luminate Film & TV data (collected June 25, 2026); U.S. Bureau of Labor Statistics; Burbank × Leavesden policy primer S7–S8 and Appendices B–C — published Warner stage specifications and Leavesden planning filings, status date August 5, 2026. 2027 is approved capacity, not operational evidence, CVL Economics

01 / the changing media market

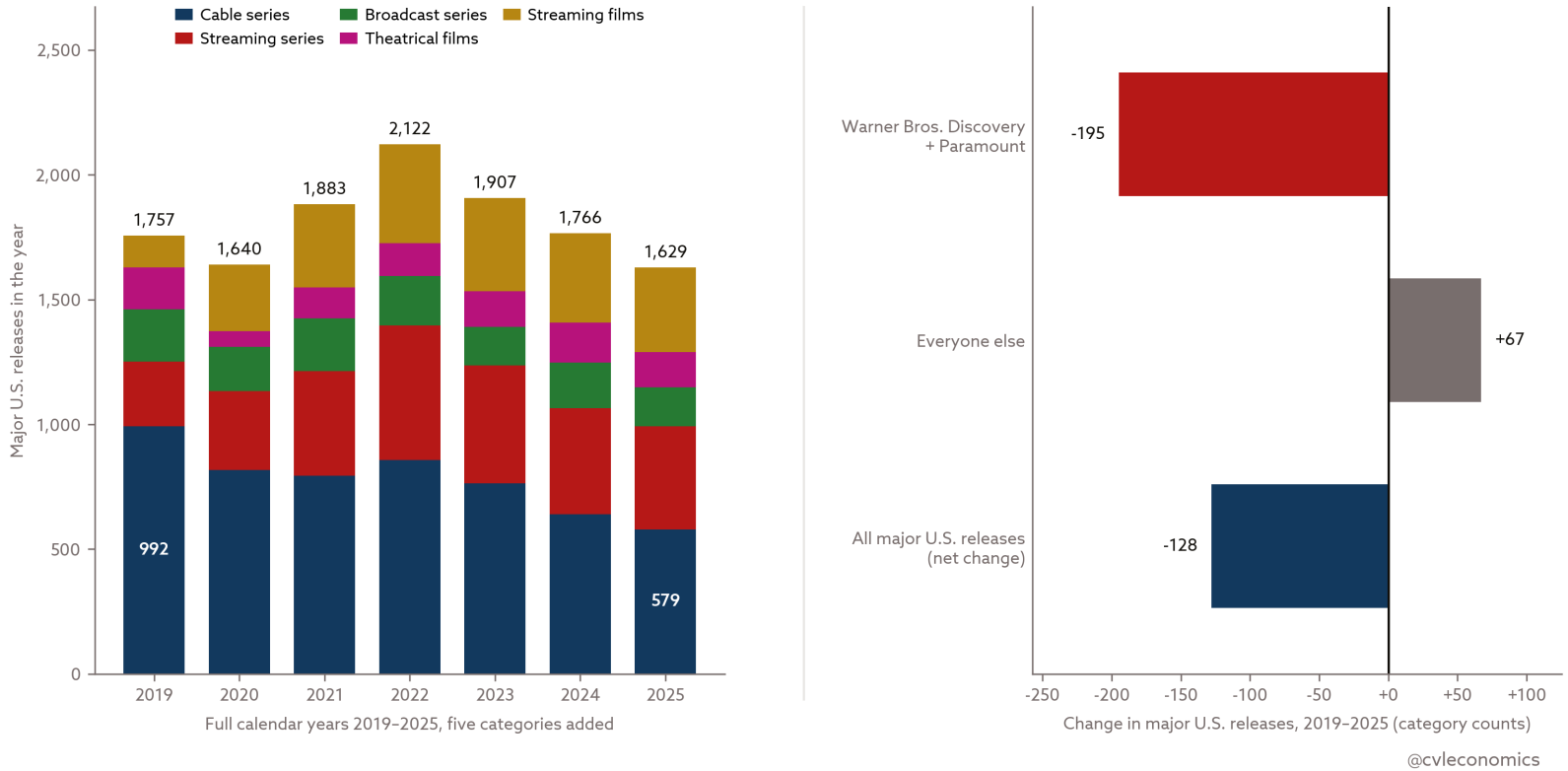
Los Angeles County's film and television economy is already undergoing a significant structural contraction. Fewer projects are being commissioned, the economics of theatrical and independent distribution are shifting, and production is increasingly mobile across jurisdictions. These changes affect not only how much content gets made, but the amount of work each project supports and where that work ultimately occurs.

The proposed merger of Warner Bros. Discovery and Paramount Skydance introduces an additional source of risk into that already changing market. It would consolidate decision-making within a highly leveraged company at a time when there is less production activity to go around and greater ability to move that activity elsewhere. The transaction did not create these pressures, but it could affect their scale, trajectory, and distribution—including through decisions about what gets commissioned, what gets produced, and where that production takes place.

This section examines the market changes shaping those decisions, where the two companies sit within that market, and which changes have the greatest implications for production and employment in Los Angeles County.

Content output is contracting

The contraction in Los Angeles employment is occurring alongside a broader reduction in the volume of major U.S. film and television content. Across the five release categories tracked here, major releases peaked at 2,122 titles in 2022 before declining in each of the following three years, reaching 1,629 in 2025, a reduction of approximately 23 percent from the peak. The composition of that decline matters as well. Cable series, historically an important source of recurring production activity, fell from 992 releases in 2019 to 579 in 2025, while other categories have not expanded sufficiently to offset the loss. The decline is also relevant to the transaction under review. Between 2019 and 2025, Warner Bros. Discovery and Paramount accounted for a net reduction of approximately 195 major U.S. releases, while all other major distributors combined added approximately 67.



Source: Luminate Film & TV data (collected June 25, 2026), CVL Economics.

The television value chain

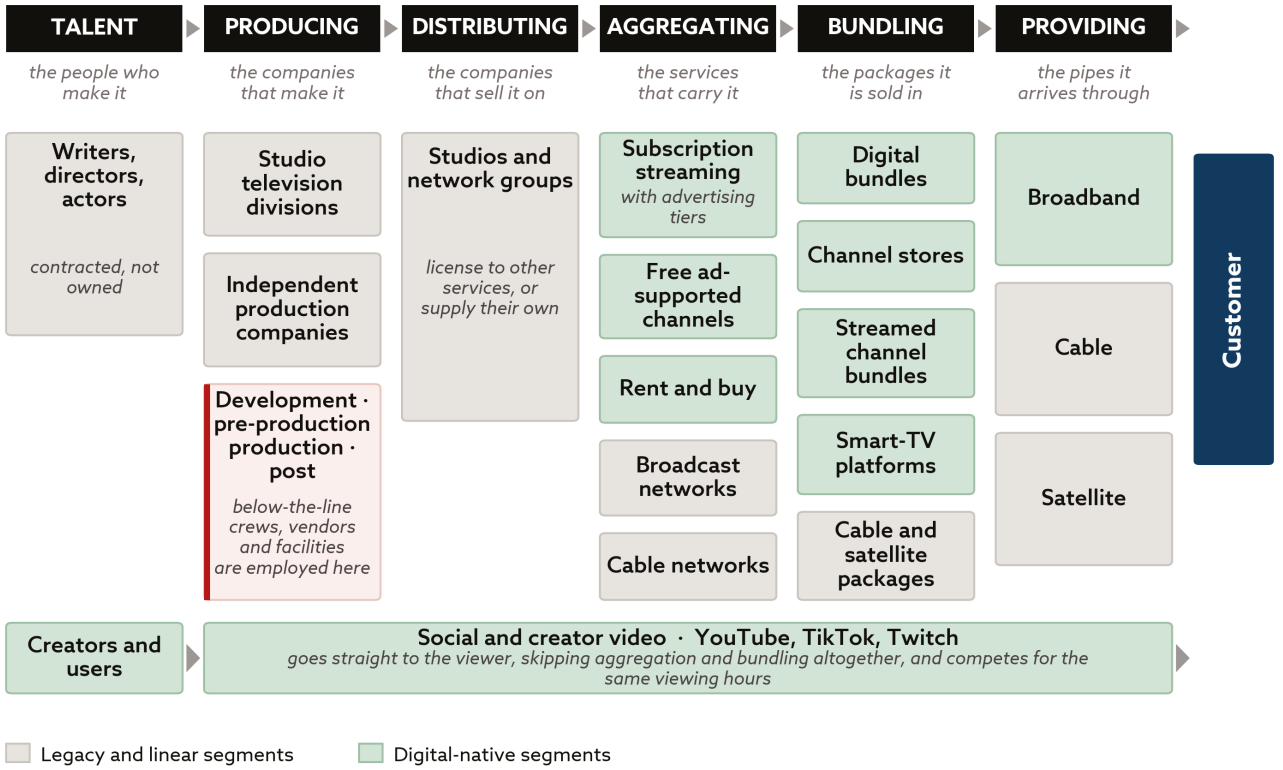
Six stages connect the development of a television program to the audience that ultimately watches it. Much of Los Angeles County's film and television employment is concentrated within the early stages of the value chain—the sequence of activities through which a program moves from development and production to distribution and, ultimately, the audience.

Each stage has a different workforce, geography, and exposure to changes in the industry. While attention often focuses on the two ends of the chain—the studio producing content and the household consuming it—the stages in between determine how production decisions translate into local economic activity.

Television activity can be measured in part through season orders—one season of one program ordered by a network or streaming service. Orders peaked at 4,601 in 2022 and fell to 3,297 in 2025, a decline of 28%. At the same time, the number of U.S. outlets ordering at least three programs annually fell from 120 in 2016 to 88 in 2025.

Six stages carry television to a household; Los Angeles County's jobs sit in one of them

The television and streaming video value chain, 2026 market structure



Content flows left to right. Vertically integrated groups — Disney, NBCUniversal, Warner Bros. Discovery, Paramount Skydance — operate in several stages at once

Source: Luminate Film & TV data (collected June 25, 2026), CVL Economics.

How film reaches an audience today

Film follows a similar path from production to the audience, but its distribution model differs from television. Films traditionally move through a sequence of release "windows"—the periods in which a film is available through theaters, home rental or purchase, streaming, and other platforms. Each successive window has historically generated additional revenue from the same film.

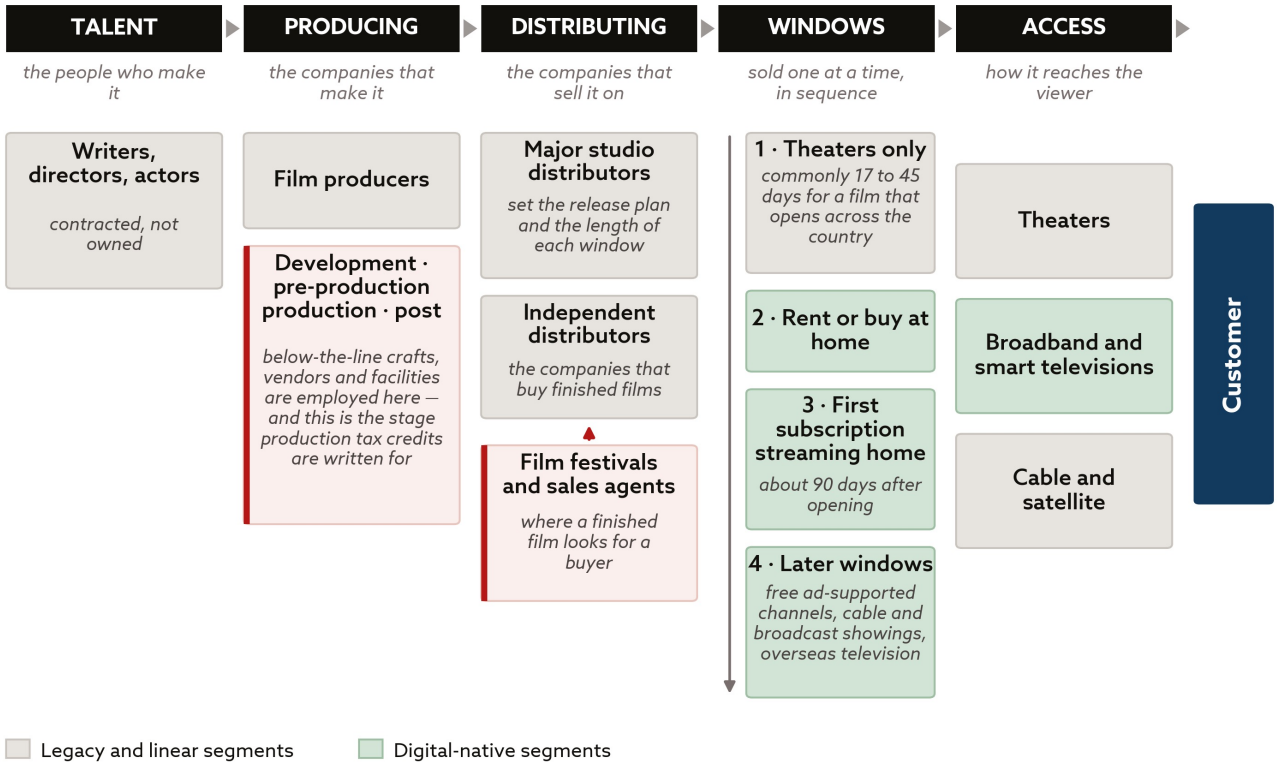
Nearly 70% of films available on U.S. streaming services between 2015 and 2026 never received a U.S. theatrical release. Of the films reviewed, 2,767 of 3,985 (69.4%) went directly to streaming or other non-theatrical distribution.

In 2025, 1,205 films reached U.S. theaters, but only 365 companies distributed at least one. Of those, just 149 distributed a film produced by another company, and 119 were professional distributors whose business includes acquiring completed films.

For Los Angeles County, the consequence is not simply fewer films. It is fewer films relying on the production infrastructure, workforce, and industry ecosystem the County spent a century building.

Film runs the same chain, but sells itself one window at a time — and the first window has been shrinking

The film value chain, 2026 market structure


TALENT
the people who make it
Writers, directors, actors
contracted, not owned
PRODUCING
the companies that make it
Film producers
Development · pre-production production · post
below-the-line crafts, vendors and facilities are employed here — and this is the stage production tax credits are written for
DISTRIBUTING
the companies that sell it on
Major studio distributors
set the release plan and the length of each window
Independent distributors
the companies that buy finished films
Film festivals and sales agents
where a finished film looks for a buyer
WINDOWS
sold one at a time, in sequence
1 · Theaters only
commonly 17 to 45 days for a film that opens across the country
2 · Rent or buy at home
3 · First subscription streaming home
about 90 days after opening
4 · Later windows
free ad-supported channels, cable and broadcast showings, overseas television
ACCESS
how it reaches the viewer
Theaters
Broadband and smart televisions
Cable and satellite
Customer
Legacy and linear segments
Digital-native segments

Content flows left to right; inside the window stage it flows downward in time. A film made for a streaming service skips windows 1 and 2 entirely; a film that finds no buyer may reach no window at all. Sequence and length vary by studio and title. Structure as of 2026.

Source: Luminate Film & TV data (collected June 25, 2026), CVL Economics.

Warner Bros. Discovery and Paramount Skydance overlap most directly in production, distribution, and streaming

Warner Bros. Discovery and Paramount Skydance operate across several parts of the film and television industry, but their businesses are not identical. Understanding where they overlap—and where they do not—is important to assessing the effects of the proposed merger.

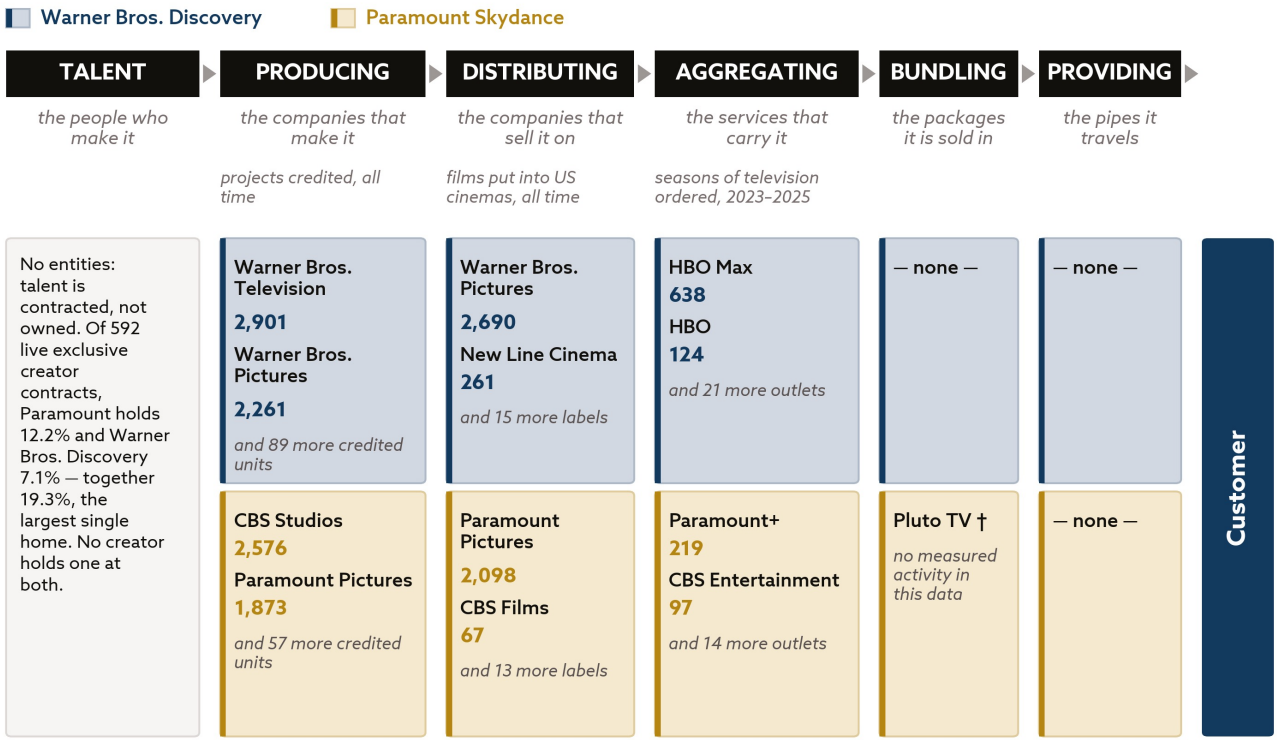
Both companies have significant operations in production, distribution, and streaming. They produce film and television content, distribute films, and operate streaming services that bring their own and others' content to audiences.

Neither company owns the infrastructure that ultimately connects most content to the consumer. Neither owns a major broadband, cable, or satellite network, and neither operates a major cinema chain. Their overlap is therefore concentrated in the decisions about what gets produced, what gets distributed, and what content is carried on their services.

Both companies also compete for creative talent. Across overall, first-look, production, talent, and director deals, the two companies have relationships with roughly 895 creators.

Both companies sit mid-chain; neither owns the last two stages

Leading operating brands by stage, Warner Bros. Discovery and Paramount Skydance



Each block names the company's most active operating brands at that stage, with the count that earned the place and the number of further units behind them. † = a well-known unit that carries no measured activity in this data. Several brands appear at more than one stage — that is what owning the chain looks like. No broadband, cable or satellite operator sits in either corporate family, and no cinema operator appears anywhere among the 56,964 companies in the register.

Source: CVL Economics analysis of Luminate Film & TV and Ampere commissioning and market activity data.

Two deal books, one greenlight authority and an estimated 62% up for renewal by 2027

Twelve examples from live deal book.

Deal holder	Type	Scope	Party	Expires
Secret Hideout — Alex Kurtzman	Overall	TV	Paramount · CBS Studios	Dec 2026
Jerry Bruckheimer Television	Overall	TV (+Digital)	Paramount · CBS Studios	Jul 2027
Park County — Trey Parker, Matt Stone	Overall	TV (+Digital)	Paramount · Paramount (Skydance)	Jul 2030
Iron Ocean Films — Jessica Biel, Michelle Purple	First-Look	TV (+Digital)	Paramount · Paramount Television Studios	Oct 2027
Maximum Effort Productions — Ryan Reynolds	First-Look	Film	Paramount · Paramount Pictures	Dec 2027
Tyler Perry Studios	Production	TV (+Digital)	Paramount · BET Studios	Dec 2028
Chuck Lorre Productions	Overall	TV (+Digital)	WBD · Warner Bros. Television	Dec 2026
Ryan Condal	Overall	TV (+Digital)	WBD · Warner Bros. Discovery	Oct 2029
LuckyChap Entertainment — Margot Robbie, Tom Ackerley	First-Look	Film	WBD · Warner Bros. Pictures	Feb 2027
Tom Cruise Productions	Production	Film	WBD · Warner Bros. Discovery	Jan 2027
T-Street — Rian Johnson, Ram Bergman	Picture	Film	WBD · Warner Bros. Pictures	Mar 2027
Ben & Erin Napier	Talent	TV	WBD · HGTV	Jan 2028

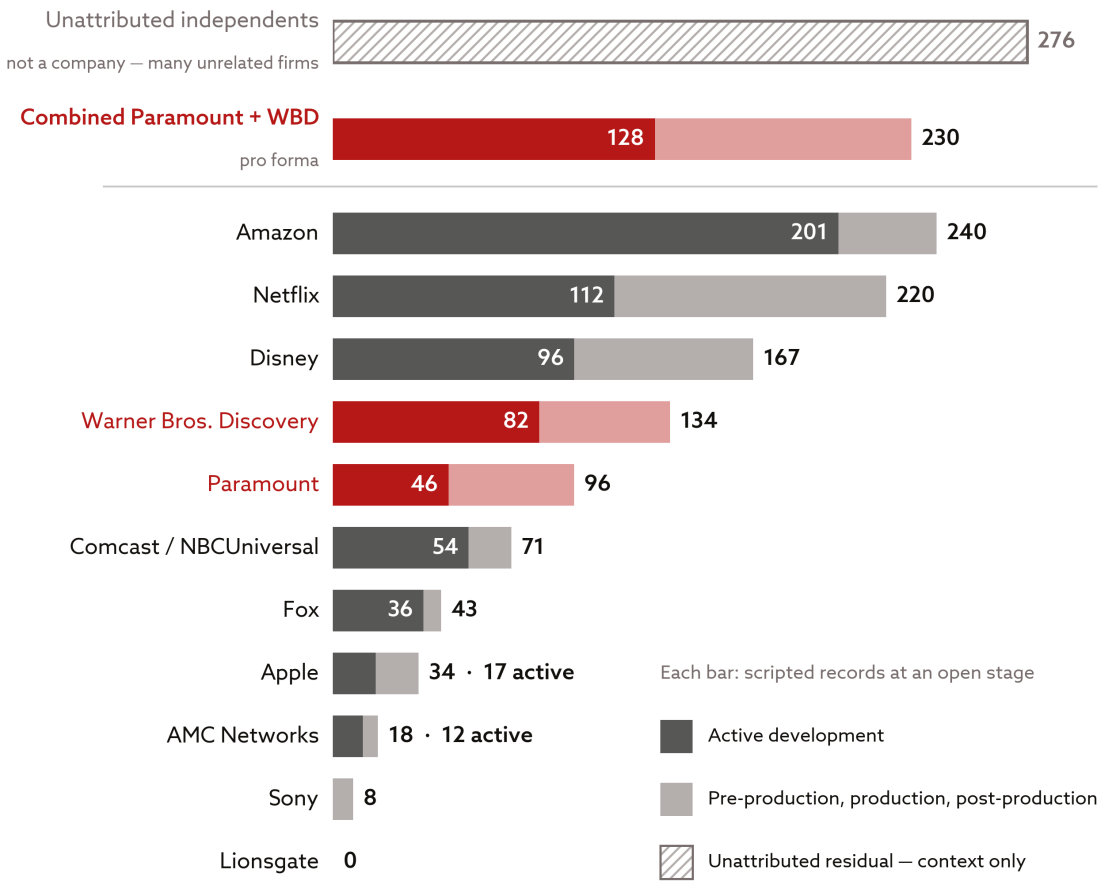
Source: Luminate Film & TV data (collected June 25, 2026), CVL Economics.

Scripted Television Pipeline

Because Los Angeles County still captures a larger share of scripted television production than it does of major theatrical film production, the television development pipeline matters. It is where future local production volume begins to take shape: which buyers remain active, which projects move forward, and which companies are likely to convert development into filmed work. If television is the part of the slate where Los Angeles retains a meaningful capture rate, then shifts in scripted development are early indicators of future demand for local stages, crews, vendors, and post-production capacity.

In scripted television, Amazon has the largest number of open projects among parent companies, with 240 compared with 230 for the merged company and 220 for Netflix. Its lead is clearer among projects in active development: 201, compared with 128 for the merged company. However the transaction is resolved, the deepest working scripted-development bench in television belongs to a technology company, not to either party.

The hatched bar at the top of each panel shows a third and easily overlooked finding: the largest single pool of open development is not controlled by any parent company. It consists of hundreds of projects spread across unrelated independent companies. Development is therefore far more fragmented than a parent-company ranking alone would suggest.



Source: Luminate Film & TV data (collected June 25, 2026), CVL Economics.

Warner Bros. Discovery and Paramount Skydance films support more credited work per release than other films

Television and film are changing in different ways. In television, the dominant shift is volume: fewer buyers are ordering fewer seasons. In film, volume and release pathway both matter because a title that receives a wide theatrical release supports a different scale and mix of work than a title that moves directly to streaming.

Those differences matter most for workers tied to physical production. Below-the-line crafts and crews are more closely tied to where production occurs. They account for 87 percent of the two companies' screen credits, including 90 percent for film and 78 percent for television, compared with 11 percent for on-screen cast.

Warner Bros. Discovery and Paramount Skydance films are particularly employment-intensive. Their theatrical releases carry 2.74 times as many screen credits as the average theatrical release, while their streaming films carry twice as many. For television, credited work per series is closer to the market average.

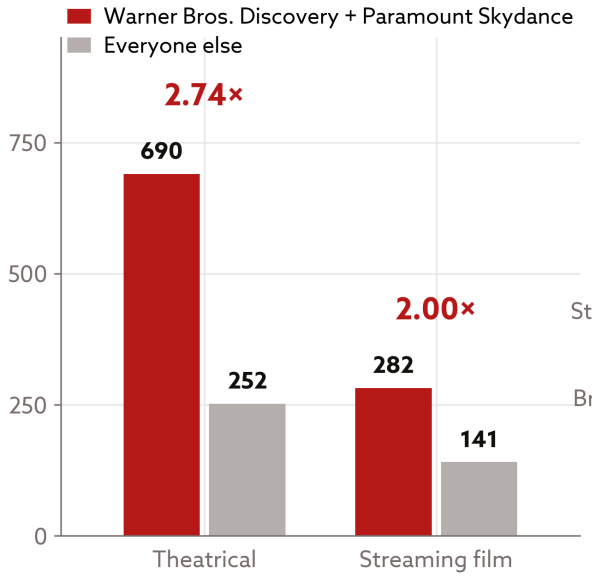
The employment effect of a changing production slate therefore depends on more than the number of titles. For television, the number of series produced is the primary driver. For film, both the number of releases and the release pathway shape the amount of work supported. A shift from theatrical to streaming, or from larger productions to smaller ones, can reduce employment intensity even if the number of titles does not fall by the same amount.

Their films carry 2.74 times the credited work of anyone else's

Screen credits per release, the parties against the rest of the market, 2023–2025

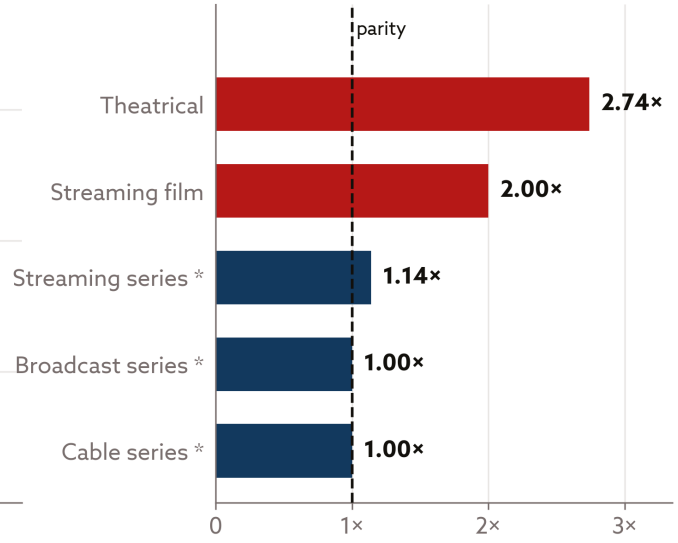
Median credits on one release

Films released 2023–2025, where credits are recorded



Credits per release against everyone else

Same categories, same three years



* Television rows count above-the-line credits only, so they are shown as ratios and never as levels beside the film bars.
Median above-the-line credits are 7 on a cable series, 20 on a broadcast series and 16 on a streaming series.
On television the parties' exposure is a question of volume; on film it is a question of intensity.

Source: Luminate Film & TV data (collected June 25, 2026), CVL Economics.

More independent films are reaching theaters without first being acquired

Independent films are produced outside the major studio system and often rely on another company to acquire the film and bring it to market. That buyer may be a major studio, specialty label, or independent distributor. Films that are not acquired can still reach theaters if their producers finance distribution themselves.

That second path has become much more common. The share of U.S. theatrical releases reaching theaters without an acquisition rose from 4.7% in 2021 to 21.0% in 2025. At Sundance, the number of films acquired and subsequently released theatrically fell from 104 in 2019 to 53 in 2025.

The shift reflects fewer companies acting as buyers. The number of companies releasing films in theaters increased from 308 in 2015 to 365 in 2025, while the number acquiring films produced by others declined from 166 to 149.

Independent films are still reaching theaters, but producers are increasingly doing so without a buyer assuming the cost and risk of release. A smaller acquisition market means fewer opportunities to sell a completed film and transfer that risk to a distributor—making independent production a more difficult and financially exposed pathway.

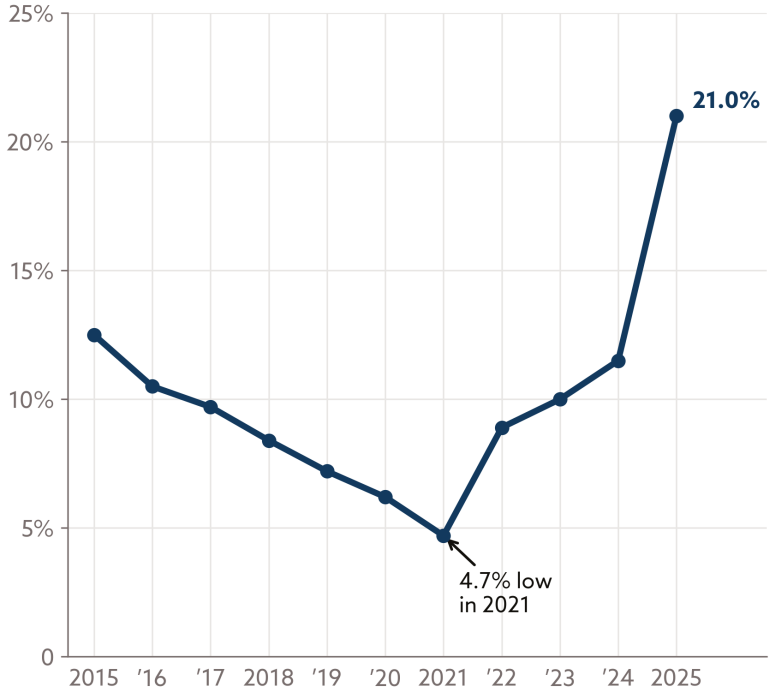
This matters for Los Angeles County because independent buyers provide a pathway to production outside the major studio system. A smaller buyer market can mean fewer opportunities for independently produced films—and for the local crews and businesses they support.

Films shown at nine major festivals, 2015–2025

Sundance, at right, is one of the nine

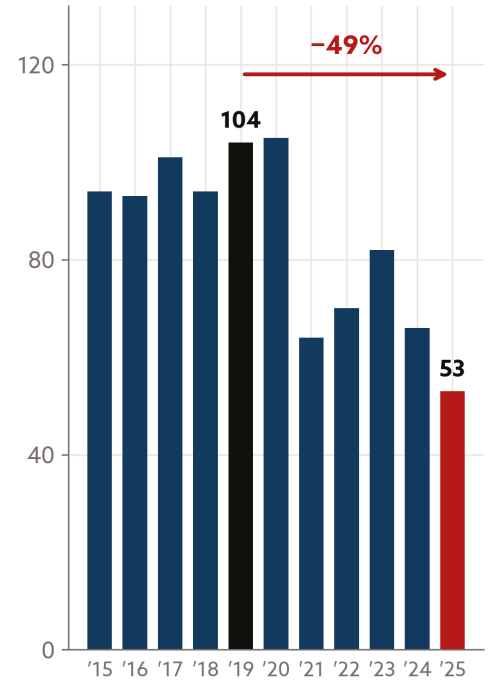
Reached theaters with no buyer behind them

Share of that year's festival films, self-released or through a hired service



Sundance films a distributor bought

Titles reaching theaters through a buyer



Source: Luminate Film & TV data (collected June 25, 2026), CVL Economics.

Warner Bros. Discovery and Paramount Skydance have limited film production in California, but a larger television presence

Warner Bros. Discovery and Paramount Skydance already produce relatively little of their film slate in California. Of the 73 films on their combined 2025 slate with an identified filming location, just four were shot in California and one in Los Angeles County.

Across 2023–2025, 8.2% of the two companies' films with an identified location were shot in California, roughly the same as the rest of the market at 8.1%. But their California films supported relatively less work: when weighted by screen credits, the California share falls to 4.6%, compared with 10.5% for the rest of the market.

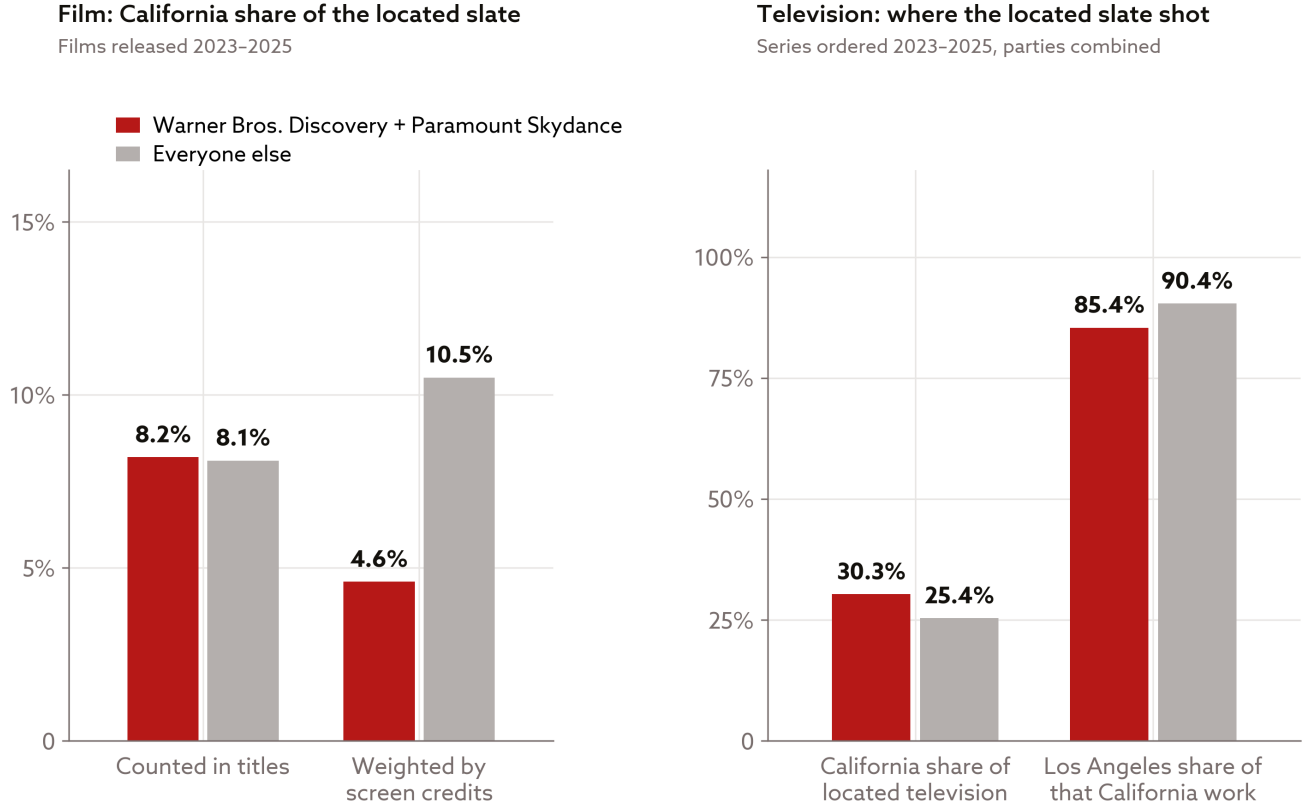
Television is a different story. California accounted for 30.3% of the two companies' television series with an identified production location, compared with 25.4% for the rest of the market. Of their California television production, 85.4% was located in Los Angeles County.

For Los Angeles County, the production exposure associated with the proposed merger is therefore concentrated in television. The two companies already film relatively little of their movie slate in California, while Los Angeles remains the primary location for the California television work they retain.

Outside California, the United Kingdom is the largest national production center for major studios, and Warner Bros. Discovery has significant production infrastructure there in part because of a generous federal tax incentive policy.

Weight the film slate by people and California nearly disappears

California share of located production, the parties against the rest of the market, 2023–2025



Source: Luminate Film & TV data (collected June 25, 2026), CVL Economics.

California offers a competitive tax credit; the U.K. provides greater certainty that qualifying productions receive one

Dimension	California Program 4.0	United Kingdom AVEC
Government level	California state	United Kingdom national
Base mechanism	35% of the first $120 million of qualified spend	34% gross; 25.5% net after a 25% corporation-tax rate
Visual effects	A further 5% on eligible California visual effects if the threshold is met	39% gross and 29.25% net, and outside the ordinary 80% cap on core spend
Above-the-line spend	Producers, writers, directors and actors are excluded	Production-period core services may qualify where used in the United Kingdom, or be apportioned
Award gate	Competitive allocation ranked on a jobs ratio — a project can qualify and still receive nothing	No competitive allocation; British certification and claimant rules decide it
Cash realization	Used against tax at par, or refunded at 90 cents on the dollar over five years	A taxable credit claimed through the corporation-tax return
Principal uncertainty	Whether an award is made at all, and the final certificate amount	Certification, apportionment, connected-party support and timing
The wider field	Georgia's film credit carries a 30% headline rate with no annual cap, and New York's program has been rebuilt. Both compete for the same domestic work.	Canada stacks a federal credit with provincial ones; Ireland's Section 481 appears in the game-show cases at slide 52.

Source: Burbank × Leavesden policy primer S19 (Aug. 5, 2026)

02 / merger integration & consolidation

The proposed merger would combine two companies already carrying significant debt with a plan that depends on substantial cost savings. Paramount Skydance expects the combined company to achieve more than $6 billion in annual savings, with most realized within three years, while reducing debt and improving cash flow.

This section examines what it would take to achieve those targets. It assesses the financing and cost assumptions underlying the transaction, identifies where savings could come from, and estimates the resulting corporate workforce consolidation at the global level. The analysis finds that achieving approximately $6.0 billion in annual savings could consolidate an estimated 9,000–14,000 corporate job-years globally from 2027 to 2030.

These estimates are limited to the companies' corporate workforce and do not include production crews, contractors, or talent. The following section (03) separately examines how the merger could affect production activity and the broader Los Angeles County economy.

The combined company would enter the merger with significant pressure to reduce costs

Even before adding the debt needed to finance the transaction, Warner Bros. Discovery and Paramount Skydance are already carrying substantial interest costs. In the quarter ended June 30, 2026, the two companies reported a combined $712 million in operating income and $737 million in net interest expense.

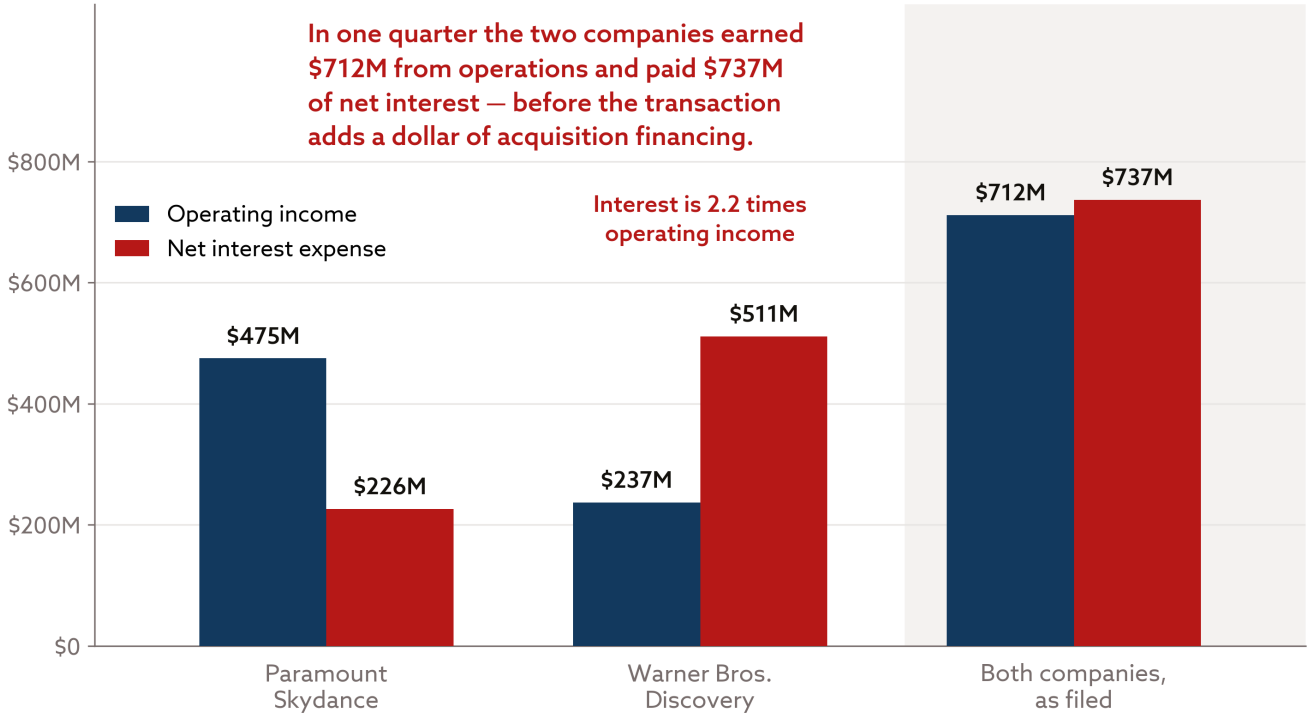
The pressure is particularly significant at Warner Bros. Discovery, which reported $237 million in operating income and $511 million in net interest expense for the quarter. Paramount Skydance reported $475 million in operating income and $226 million in net interest expense.

The proposed transaction would add substantial acquisition debt on top of these existing obligations. Management expects cost savings from the merger to improve earnings and reduce leverage over time, but those savings will take several years to fully realize. The pace at which they are achieved therefore matters to the combined company's financial flexibility.

That financial pressure can ultimately reach production. Debt and interest obligations limit the amount of cash available across the business. If additional savings are needed, management can reduce costs through corporate operations and infrastructure, but also through decisions about how much content to commission, what projects to produce, and where to produce them. Those are the decisions that can translate financial pressure at the company level into economic exposure for Los Angeles County.

Interest already outruns operations

Quarter ended June 30, 2026 · operating income against net interest expense, as filed



Combined is the arithmetic sum of the two companies as filed — not pro forma: no purchase accounting, financing or synergies.

@cvleconomics

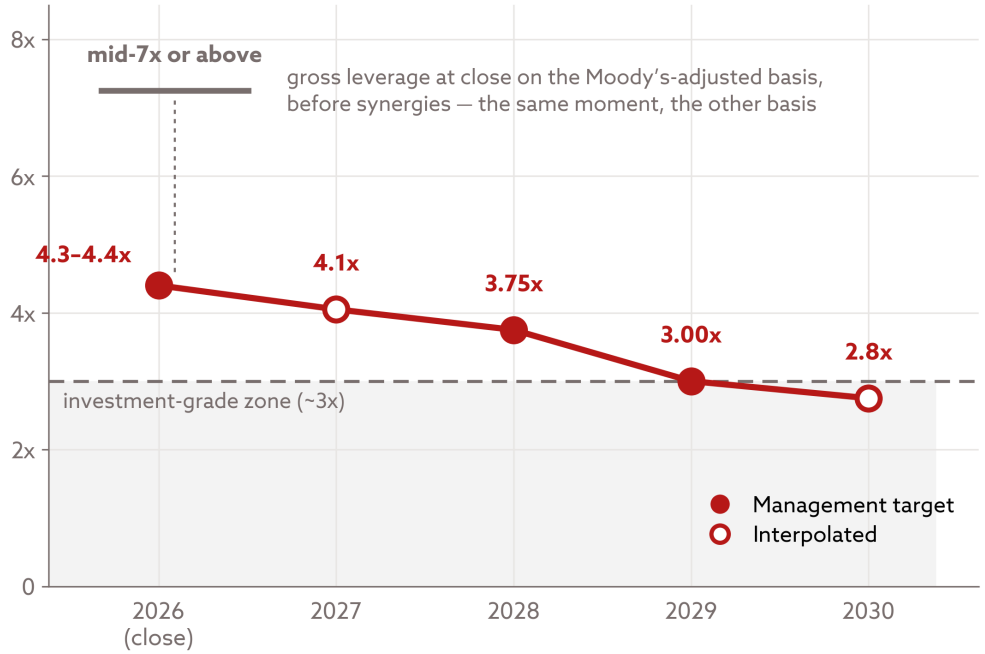
Source: Paramount Skydance and Warner Bros. Discovery Forms 10-Q, quarter ended June 30, 2026 (accessions 0002041610-26-000054, 0001437107-26-000075); 60-Day Report (2026-06-17); Three Possible Futures (CVL, 2026-08-09), S5. Warner's quarter excludes the $2.8B Netflix fee, paid in Q1.

The investment-grade target depends on fast EBITDA growth and timely synergy capture

Opening leverage of roughly 7x EBITDA is well above where a media company can operate comfortably, and the BB+ rating reflects that. Management has committed to reaching investment-grade within three years, which requires the combined company to reduce net leverage from 4.3x at close (on a synergized basis) to approximately 3x by 2029 and lower thereafter. There are two ways to get there: shrink the numerator by paying down debt with free cash flow, or grow the denominator by lifting EBITDA, which is the work the projected $6 billion-plus in synergies is supposed to do. Miss on either front and the timeline slips. A weak streaming ramp, sports rights cost inflation, or synergies that arrive later than modeled would each put the investment-grade target at risk.

Net leverage has to fall from 4.3–4.4x at close to 3.0x by 2029

Combined-company net leverage, management basis (net debt / adjusted EBITDA, after synergies)



AT CLOSE

~$79B
net debt (management)

~$87B
gross debt (Moody's basis)

Source: CVL Economics analysis of the Paramount Skydance transaction press release (Feb. 27, 2026) and Moody's rating action (May 19, 2026). Management basis; 2027 and 2030 interpolated between documented targets.

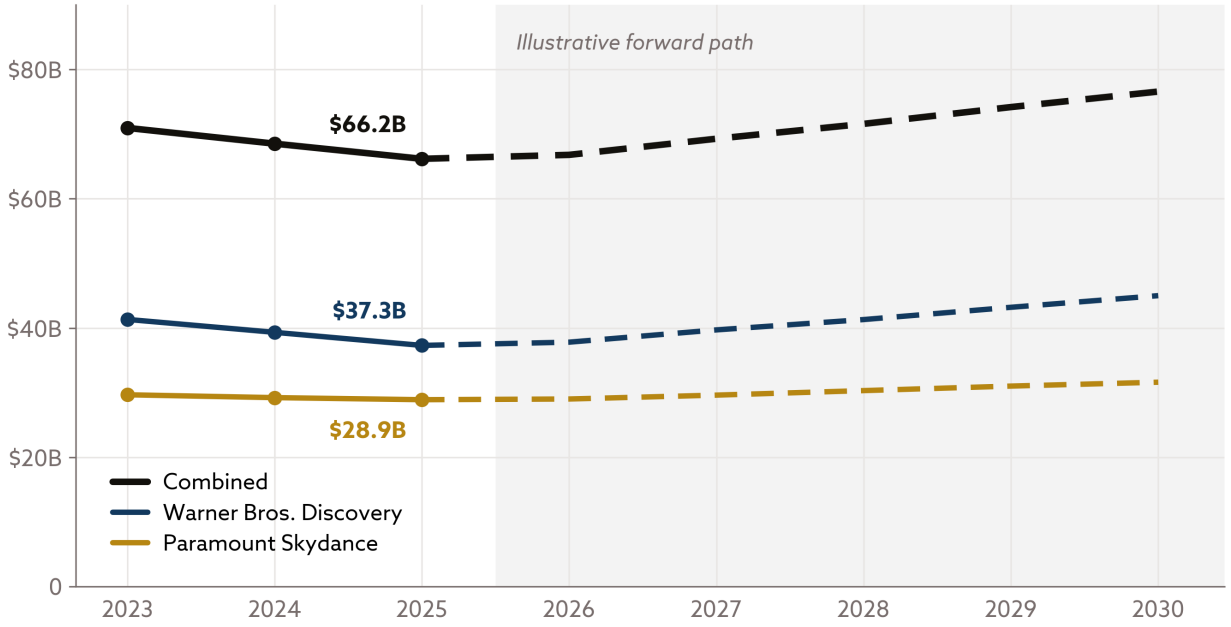
The debt is fixed, but the revenue engine remains in transition

The combined company generates approximately $66 billion in revenue today, but the composition matters more than the total. The cash that services the debt comes disproportionately from linear networks, and linear is shrinking. WBD's revenue fell from $41.3 billion in 2023 to $37.3 billion in 2025; Paramount has been roughly flat near $29 billion. Growth has to come from streaming and studios, and it has to outrun the linear decline quickly enough to keep total revenue rising while approximately $79 billion of net debt is paid down.

Management's own projections, drawn from the proxy cases in WBD's filing, show revenue climbing back toward the high $70 billions by 2030. That is a bet on streaming scaling at pace, not a projection that can be taken as given. This is the central tension in the deal: the debt is fixed and due; the revenue engine meant to retire it is still in transition.

The revenue engine: $66B today, but the mix matters more

Annual revenue by company and combined; 2023–2025 filed (solid), 2026–2030 illustrative (dashed)



Source: CVL Economics analysis of Warner Bros. Discovery and Paramount Global annual financial statements. 2023–2025 as filed; 2026–2030 illustrative, not company guidance.

Testing what it would take for the merger to proceed as planned

The analysis that follows estimates the potential employment and economic impacts of the proposed merger. It assumes the transaction closes and integration proceeds broadly as management intends, including planned cost savings and reductions in the combined company's workforce. The analysis is not a forecast of layoffs; it estimates the employment and economic activity potentially affected as the two companies integrate.

Management's plan establishes the starting point

Paramount Skydance's plan for the combine company assumes:

- More than $6 billion in annual cost savings once the merger is fully integrated, with most expected within three years.
- Debt falling relatively quickly after the merger, with leverage reaching 4.3× once the planned savings are fully realized.
- A mid-20% operating margin and more than $10 billion in free cash flow by 2030.
- Production of at least 30 films per year.

This report independently assesses those assumptions

- The $6 billion savings target has not been broken out publicly. How much would come from workforce reductions, when the savings would occur, and what they would cost to achieve remain unclear. Savings already made before the merger closes are not counted again.
- This report identifies about $6.7 billion in potential cost reductions. About $5.3 billion is associated with corporate and infrastructure functions, $0.8 billion is slower or more difficult to realize because of leases and country-specific requirements, and about $0.6 billion could come from content and production support.
- The 4.3× leverage target is not the expected debt level at closing. It assumes the planned cost savings have already been fully achieved. The scenario therefore tracks debt pressure as the company moves from closing through integration.
- The commitment to at least 30 films per year does not guarantee production in Los Angeles. The two studios released 40 films in 2024 and 31 in 2025. Of the 73 films on their combined 2025 slate with an identified filming location, only four were shot in California and one in Los Angeles County.

Source: Paramount Skydance M&A call, March 2, 2026, filed by WBD (SEC accession 0001104659-26-022323)

The merger's planned cost savings would require significant corporate workforce consolidation

The transaction closes April 1, 2027, and integration proceeds broadly as management intends. The core business weakens, but not enough to derail the plan. By 2030, the combined company generates approximately $63.6 billion in revenue and realizes roughly $6.03 billion in annual cost savings—about 90% of the savings this report identifies as achievable.

- After interest and integration costs, the company generates approximately $5.67 billion in cash, compared with management's expectation of more than $10 billion. Net debt falls to $63.6 billion, bringing leverage to 3.56× in 2030. The remaining gap to management's cash target is approximately $3.34 billion, which closes around 2031, when leverage reaches roughly 3.0×.
- The modeled cost savings translate to **an estimated 9,000–14,900 corporate job-years globally through 2030**, based on a workforce of approximately 53,100. This estimate covers the corporate workforce and does not include production crews, contractors, or talent.
- The savings do not fall evenly across the business. Most are expected to come from corporate overhead, procurement, and technology, rather than production employment. Real estate and content spending remain potential sources of additional savings, creating further exposure for Los Angeles County beyond the corporate workforce modeled here.

Net debt relative to earnings, 2030

3.56x

Falls to approximately 3.0x in 2031

Global corporate workforce consolidation through 2030

9,000–14,000 corporate job-years

Excludes production crews, contractors, and talent

Source: S9–S14; company filings. Figures are model outputs, not management guidance.

Past media mergers show that workforce consolidation can continue for years

Six completed transactions, ordered by closing date · workforce actions reported after each deal was announced · reporting through Aug. 10, 2026

Comcast–Sky

Announced: Feb. 27, 2018
Closed: Oct. 9, 2018 [T1]
4 actions · +5.9 to +8.4 yr

- **Jan. 30, 2024** — Sky cut 1,000 U.K. jobs [C1]
- **Mar. 27, 2025** — 2,000 customer-service jobs at risk [C2]
- **Sept. 16, 2025** — 600 jobs cut; 300 employees moved to other roles [C3]
- **July 6, 2026** — Further cuts announced; number not disclosed [C4]

Disney–21st Century Fox

Announced: Dec. 14, 2017
Closed: Mar. 20, 2019 [T2]
10 actions · +1.2 to +8.6 yr

- **Mar.–Aug. 2019** — Five Fox-integration rounds; 160+ jobs plus dozens [D1]
- **Feb. 9, 2021** — Blue Sky Studios closed; about 450 jobs [D2]
- **Feb. 8, 2023** — Disney-wide plan: 7,000 jobs [D3]
- **May 21, 2024** — Pixar: 175 jobs, or 14% of staff [D4]
- **July 31, 2024** — Television division: 140 jobs [D5]
- **Sept. 25, 2024** — Corporate operations: about 300 jobs [D6]
- **Mar. 5, 2025** — ABC News and TV: about 200 jobs [D7]
- **June 2, 2025** — Film, TV and finance: several hundred jobs [D8]
- **Apr. 9, 2026** — Marketing and brand: up to 1,000 jobs [D9]
- **July 21, 2026** — Pixar, National Geographic and ESPN: several hundred jobs [D10]

Amazon–MGM

Announced: May 26, 2021
Closed: Mar. 17, 2022 [T3]
3 actions · +1.9 to +4.4 yr

- **Apr. 27, 2023** — Prime Video and MGM: about 100 jobs [A1]
- **Jan. 10, 2024** — Prime Video and MGM: several hundred jobs [A2]
- **Oct. 28, 2025** — MGM affected by Amazon's 14,000-job plan; MGM total not disclosed [A3]

WarnerMedia–Discovery

Announced: May 17, 2021
Closed: Apr. 8, 2022 [T4]
8 actions · +1.2 to +4.2 yr

- **Aug. 15, 2022** — HBO and Max: 70 jobs [W1]
- **Oct. 11, 2022** — Warner Bros. TV: 82 layoffs; 43 unfilled jobs eliminated [W2]
- **Nov. 30, 2022** — CNN: hundreds of jobs [W3]
- **June 20, 2023** — Cable networks, TCM and TV: total not disclosed [W4]
- **July 16, 2024** — Nearly 1,000 jobs across business functions [W5]
- **Jan. 23, 2025** — CNN: 200 jobs, or 6% of staff [W6]
- **June 4, 2025** — Cable networks: fewer than 100 jobs [W7]
- **July 30, 2025** — Motion Picture Group: 52 jobs, or 10% of staff [W8]

Microsoft–Activision Blizzard

Announced: Jan. 18, 2022
Closed: Oct. 13, 2023 [T5]
5 actions · +2.0 to +4.5 yr

- **Jan. 25, 2024** — Gaming division: 1,900 jobs [M1]
- **May 7, 2024** — Three studios closed; one combined into another; total not disclosed [M2]
- **Sept. 12, 2024** — Gaming division: 650 jobs [M3]
- **July 2, 2025** — Xbox affected by Microsoft's 9,000-job plan; Xbox total not disclosed [M4]
- **July 6, 2026** — Xbox: up to 3,200 jobs, or 20% of staff [M5]

THE ACQUIRER'S OWN LAST DEAL

Skydance–Paramount

Announced: July 7, 2024
Closed: Aug. 7, 2025 [T6]
5 actions · +0.1 to +1.7 yr

- **Aug. 8, 2024** — Paramount U.S.: about 2,000 jobs, or 15% of staff [P1]
- **June 10, 2025** — Paramount U.S.: 3.5% of staff [P2]
- **Oct. 18, 2025** — Combined company: 2,000 U.S. jobs [P3]
- **Nov. 10, 2025** — 600 voluntary buyouts; 1,600 employees left with divested businesses [P4]
- **Mar. 20, 2026** — CBS News: 6% of staff [P5]

Jobs cut or business closed · Number of jobs not disclosed · Voluntary buyout or business transfer · Jobs at risk, not confirmed cuts

Counts are announced positions and should not be added across deals. Repeated coverage of the same announcement appears once: the Disney 2019 item combines five dated rounds, and Paramount implementation reports are counted once. Elapsed years are measured from each transaction's announcement date. Bracketed IDs refer to source groups in the annex.

Source: contemporaneous reporting of announced workforce actions at six completed transactions, through Aug. 10, 2026

03 / los angeles county economic impact

Los Angeles County enters the proposed merger from an already weakened position, with motion picture employment at a record low and production activity well below its recent peak. The merger introduces an additional source of pressure by combining two buyers that draw on the same local production workforce, reducing competition for commissions in key segments, and consolidating control over projects earlier in the production pipeline. Past studio consolidation demonstrates how these pressures can translate into lower production volume.

The analysis estimates that the merger could result in the loss of approximately **4,495 production-industry job-years in Los Angeles County from 2027 to 2030.** As those losses move through the production supply chain and broader County economy, the total impact reaches approximately **10,360 job-years**, along with **$1.26 billion in lost labor income, $2.79 billion in lost value added, and $4.06 billion in lost economic output.** These estimates reflect the additional economic losses associated with the merger assuming the transaction closes and the combined company integrates broadly as planned.

The merger would land on an LA production workforce already at a record-low 93,263 jobs

Los Angeles County's motion-picture employment averaged 93,263 jobs in 2025, the lowest level in the comparable QCEW series. That is down 35.7% from the 2022 peak and 20.6% from 2019, establishing a substantially smaller employment base before any potential effects of the merger are considered.

Importantly, the 2023 strikes did not mark the bottom. Employment was broadly flat through 2024 before declining another 10.4% in 2025, the second-largest annual contraction in the series. By 2025, employment stood 4.7% below the 2020 pandemic-year level.

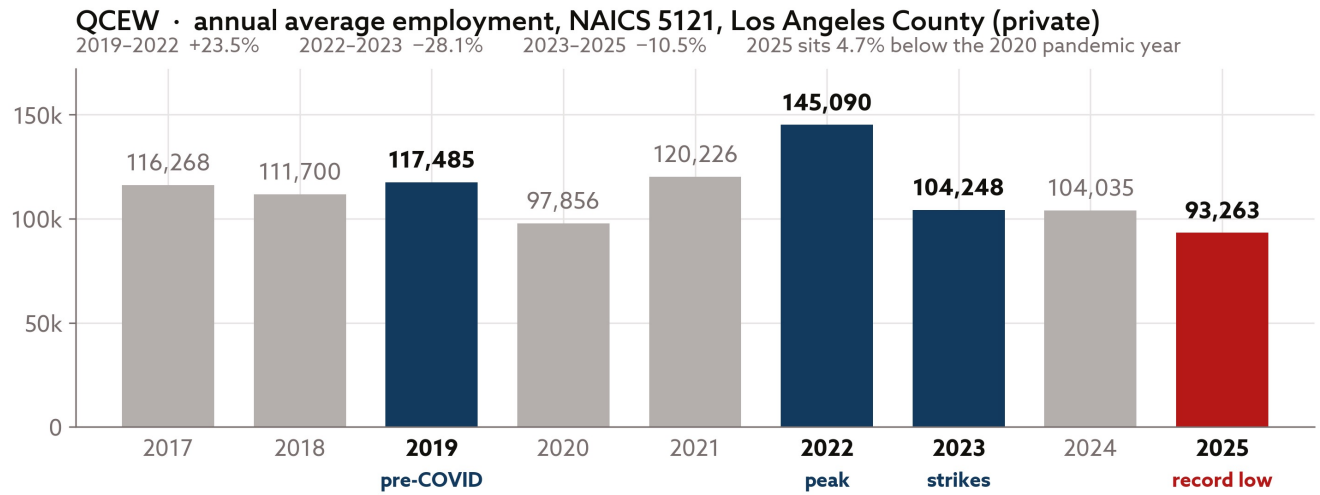
Recent data suggest stabilization at this lower level rather than a meaningful recovery. Monthly employment reached 99,600 in June 2026, while six consecutive quarterly averages have remained within a relatively narrow range of approximately 98,200 to 102,200 jobs.

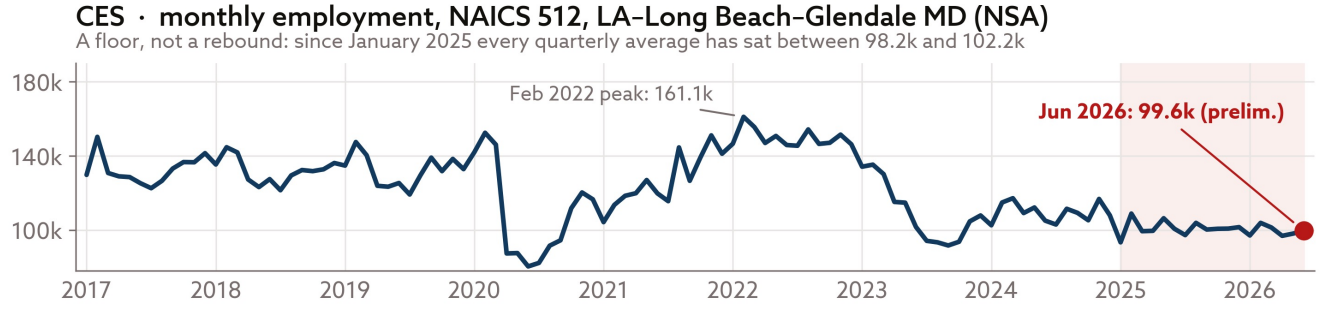
The contraction is also beginning to reach the industry's business base. Motion-picture establishments in the County fell to 8,099, down 12.3% from their 2021 peak. Because establishment losses typically lag employment losses by roughly 18 to 24 months, the vendor, contractor, and production-services ecosystem may still be absorbing the effects of the contraction that has already occurred.

This is the baseline against which the merger's potential effects should be understood: any additional production loss would compound an existing contraction, not interrupt an ongoing recovery.

A step down, a plateau, and a second step down

LA County motion-picture employment, 2017–2026 · 2016 omitted (administrative series break)





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Source: BLS QCEW, LA County, NAICS 5121, private — 2025 annual averages (released June 2, 2026); BLS/CA EDD CES, LA–Long Beach–Glendale MD, NAICS 512, NSA — June 2026 preliminary (released July 29, 2026). Retrieved 8/10/2026.

The Disney–Fox precedent shows how studio consolidation can translate into lower production

Disney's acquisition of 21st Century Fox, completed in March 2019, provides a useful precedent for how combining two major studio slates can affect production volume. This analysis compares each studio's annual theatrical output before and after the merger, while also tracking the four other major studios over the same period.

Output at the acquired Fox studios fell 64.9% from their pre-merger rate, compared with a 26.2% decline among the four non-merging major studios—a gap of 38.7 percentage points. Extending the comparison through 2025 widens that gap to 42.9 percentage points.

The largest decline occurred where the two companies had the clearest overlap. 20th Century Studios—the major studio operation Disney already had its own equivalent of—fell 74.5%. Searchlight, which occupied a more distinct specialty position, declined 35.6%.

Other studios did not make up for the lost output. While the acquired Fox studios released 22.5 fewer films per year, the rest of the major-studio market added only 1.33 films per year.

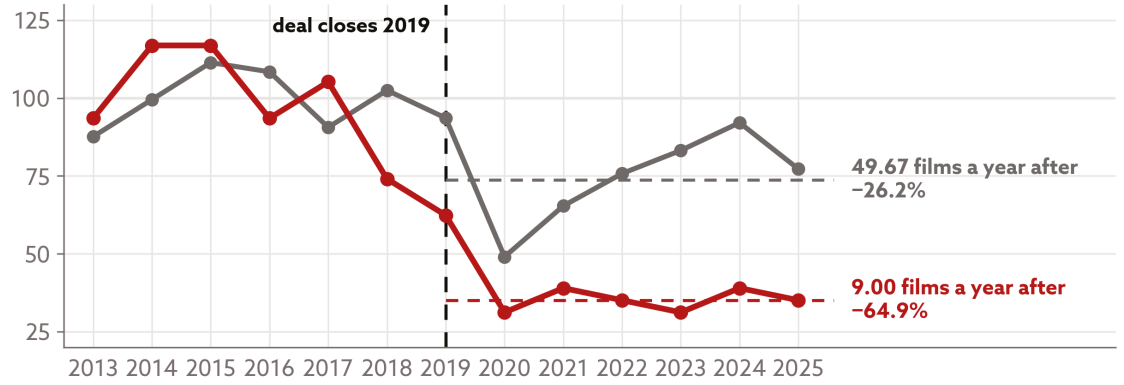
For Los Angeles County, the precedent matters not only because fewer films were released, but because the surviving films also became smaller productions. **Total screen credits on the acquired slate fell 55.2%, even as credits per film increased 27.6%.** The precedent therefore shows how consolidation can reduce both the number of productions and the total amount of production work generated by a combined slate.

The step comes at the deal, and it lands on the duplicated lane

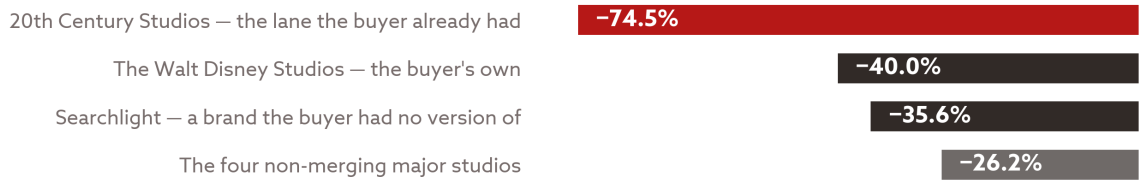
U.S. theatrical output either side of the Disney × 21st Century Fox close

Films a year, each side indexed to its own pre-close rate

Red — the acquired Fox labels, 25.67 films a year before. Grey — the four non-merging majors, 67.33 before.



Where the loss landed · change in films a year, before against after


20th Century Studios — the lane the buyer already had
−74.5%
The Walt Disney Studios — the buyer's own
−40.0%
Searchlight — a brand the buyer had no version of
−35.6%
The four non-merging major studios
−26.2%

Counted at the studio-label level; matched six-year windows 2013–2018 and 2020–2025, closing year in neither.

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Note: Disney–Fox is a precedent, not a forecast. The transactions and market conditions differ, and the analysis does not assume Paramount Skydance–Warner Bros. Discovery would follow the same path. It demonstrates how consolidation has translated into lower output in a prior major studio merger.

Source: Luminate Film & TV data (collected June 25, 2026), CVL Economics.

The merger could put 4,495 industry job-years at risk, with 10,360 job-years at risk across the Los Angeles County economy

The merger could put approximately 4,495 job-years at risk in Los Angeles County's motion picture and video production industry over a three-year period (2027-2030). These are direct industry impacts, reflecting production employment that could be affected as the combined company consolidates operations and production activity. A job-year represents one job for one year, so the estimate measures cumulative employment exposure over the three-year period rather than 4,495 individual workers.

The economic impact extends beyond the directly affected production industry. An additional **2,661 indirect job-years** are supported through production spending with vendors and service providers. Many of these jobs remain within the broader entertainment cluster, including independent artists and performers, talent agents, sound recording, equipment rental, and other businesses that directly support production.

A further **3,204 induced job-years** are supported by household spending. As earnings decline among directly and indirectly affected workers, the impact extends more broadly across the County economy to sectors such as restaurants, retail, healthcare, and housing-related services.

Combined, the 4,495 direct industry job-years generate an additional 5,865 job-years of exposure elsewhere in the economy, bringing the total potential impact to 10,360 job-years over three years. This represents an employment multiplier of **2.30**: every 100 production-industry job-years at risk are associated with approximately 130 additional job-years elsewhere in Los Angeles County.

The modeled impact also represents approximately -**$1.26 billion in labor income, -$2.79 billion in value added, and -$4.06 billion in economic output** over the three-year period.

Direct industry impact | 2027-2030

−4,495 job-years

Motion picture & video production sector

Total countywide employment impact | 2027-2030

−10,360 job-years

Direct + indirect + induced

Total labor income impact | 2027-2030

−$1.26B

Salaries, wages, and proprietor earnings

Total value-add impact | 2027-2030

−$2.79B

Contributions to GRP

Source: IMPLAN, CVL Economics.

Production losses extend into the businesses that support the industry

The 2,661 indirect job-years lost reflect the businesses and workers that support film and television production. Because Los Angeles County has a deep production cluster, much of this impact remains within the broader entertainment economy rather than dispersing across unrelated industries.

The largest losses are concentrated among businesses and workers closely tied to production. Independent artists and performers experience $89.0 million in lost output, followed by promoters and talent agents at $54.2 million, sound recording at $33.0 million, advertising and public relations at $26.5 million, and employment services at $22.2 million. Equipment rental and leasing accounts for another $11.8 million.

This is why the economic impact extends beyond jobs classified directly within motion picture and video production. A reduction in production activity means fewer purchases from the network of artists, agents, vendors, contractors, and production-service businesses that depend on that activity.

Los Angeles-based television productions also tend to generate more production activity per project. A Los Angeles television production runs a median of approximately 94 shoot days, compared with about 53 days for the same category of work produced elsewhere in the United States. Longer shoots mean more days of crew employment and more spending with local production-serving businesses.

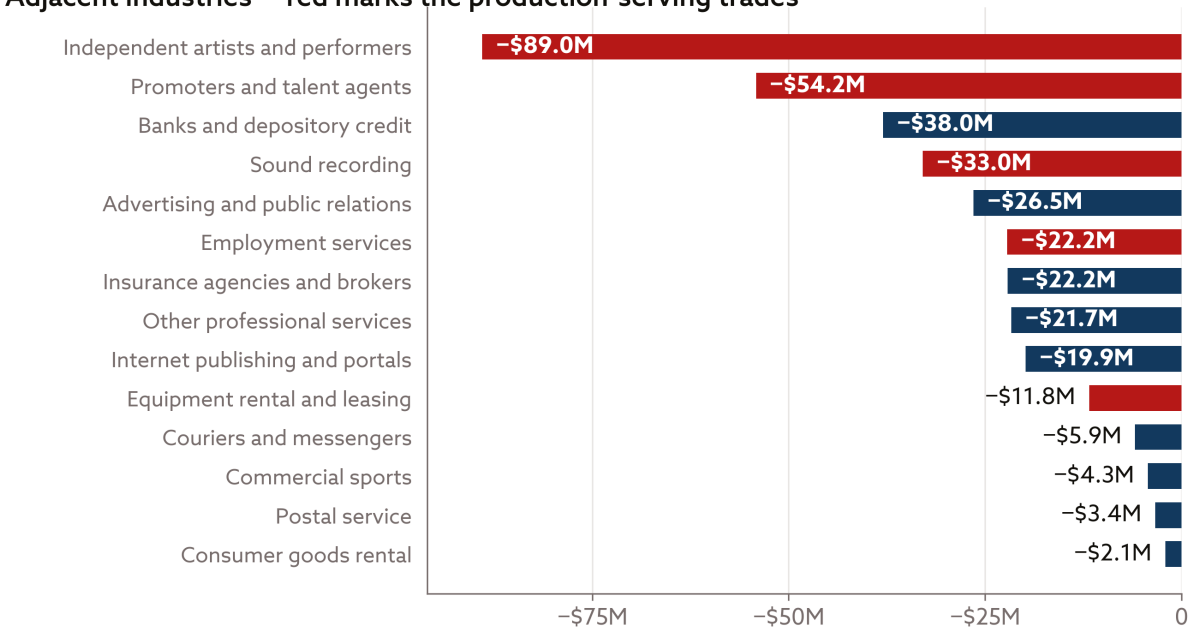
Each production lost or relocated therefore affects not only the workers on set, but the broader network of Los Angeles County businesses that serve that production.

The second wave lands on the trades that serve production

Loss of industry output, Los Angeles County ($ millions). All values are losses.

NOT PLOTTED · THE DIRECTLY AFFECTED SECTOR
Motion picture and video industries −$2,869.9M · 32 times the largest bar below.
Drawn to one scale it would flatten every adjacent industry.

Adjacent industries · red marks the production-serving trades



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Source: IMPLAN, CVL Economics.

The fiscal exposure: $547 million in tax revenue at stake, $78.6 million of it local

Level of government	Direct	Indirect	Induced	Total
Sub-county general	−$13.8M	−$4.6M	−$8.2M	**−$26.6M**
Sub-county special districts	−$13.7M	−$4.5M	−$8.1M	**−$26.3M**
County	−$13.4M	−$4.4M	−$7.9M	**−$25.7M**
State of California	−$78.9M	−$26.1M	−$26.9M	**−$131.9M**
Federal	−$207.5M	−$73.0M	−$55.6M	**−$336.1M**
Total	−$327.3M	−$112.7M	−$106.7M	**−$546.6M**

Source: IMPLAN, CVL Economics.

The merger adds to an industry contraction already underway

The merger does not create Los Angeles County's production challenges, and the the two effects cannot be fully separated. Employment, production volume, and the number of active businesses were already declining before this transaction. The analysis therefore distinguishes between the additional channels of exposure created by the merger and the structural pressures already affecting the industry.

Merger-related exposure

- Two buyers become one. The merger reduces independent commissioning options, with the largest increases in buyer concentration occurring in unscripted, reality, and talk television.
- Control also consolidates earlier in the production pipeline. The two companies have relationships with approximately 895 creators, including a combined 25.7% of overall deals, giving the combined company greater control over which projects move toward production.
- Past consolidation shows how these mechanisms can translate into lower production. Following Disney's acquisition of Fox, output at the acquired studio fell 64.9% from its pre-merger rate, compared with 26.2% among non-merging peers.
- Under the modeled integration, these channels translate into 4,495 direct industry sector job-years lost in Los Angeles County and 10,360 job-years lost across the County economy from 2027–2030.

Structural pressures already underway

- Los Angeles County entered the transaction from a historically weak position. Motion-picture employment averaged 93,263 jobs in 2025, down 35.7% from its 2022 peak.
- The decline continued well after the 2023 strikes: employment was broadly flat in 2024 before falling another 10.4% in 2025.
- Production contraction is broader than these two companies. The decline in commissioning, increasing competition from other production locations, and changing economics of film and television would continue to affect Los Angeles County regardless of the merger.
- The business base is also beginning to contract, with motion-picture establishments down 12.3% from their 2021 peak.

04 / studio lots, production location & fiscal exposure

The transaction creates both a near-term fiscal question and a longer-term production-location exposure for Los Angeles County. The two companies together hold 66 fee-owned parcels spanning 189.6 acres and $1.67 billion in assessed value across their Los Angeles County studio campuses. A qualifying change in ownership could trigger reassessment of Warner Bros.' Burbank real estate, generating approximately $15.0 million in additional countywide property tax in year one, although the fiscal outcome depends on transaction structure and Assessor treatment.

At the same time, the combined company would control major production infrastructure in both Burbank and Leavesden, Warner Bros.' U.K. studio campus. By 2027, Leavesden's planned stage floor reaches 87% of Burbank's capacity and carries meaningful advantages in recurring property costs and production incentives, while Burbank retains specialized infrastructure and production services that are not fully replicated in the U.K.

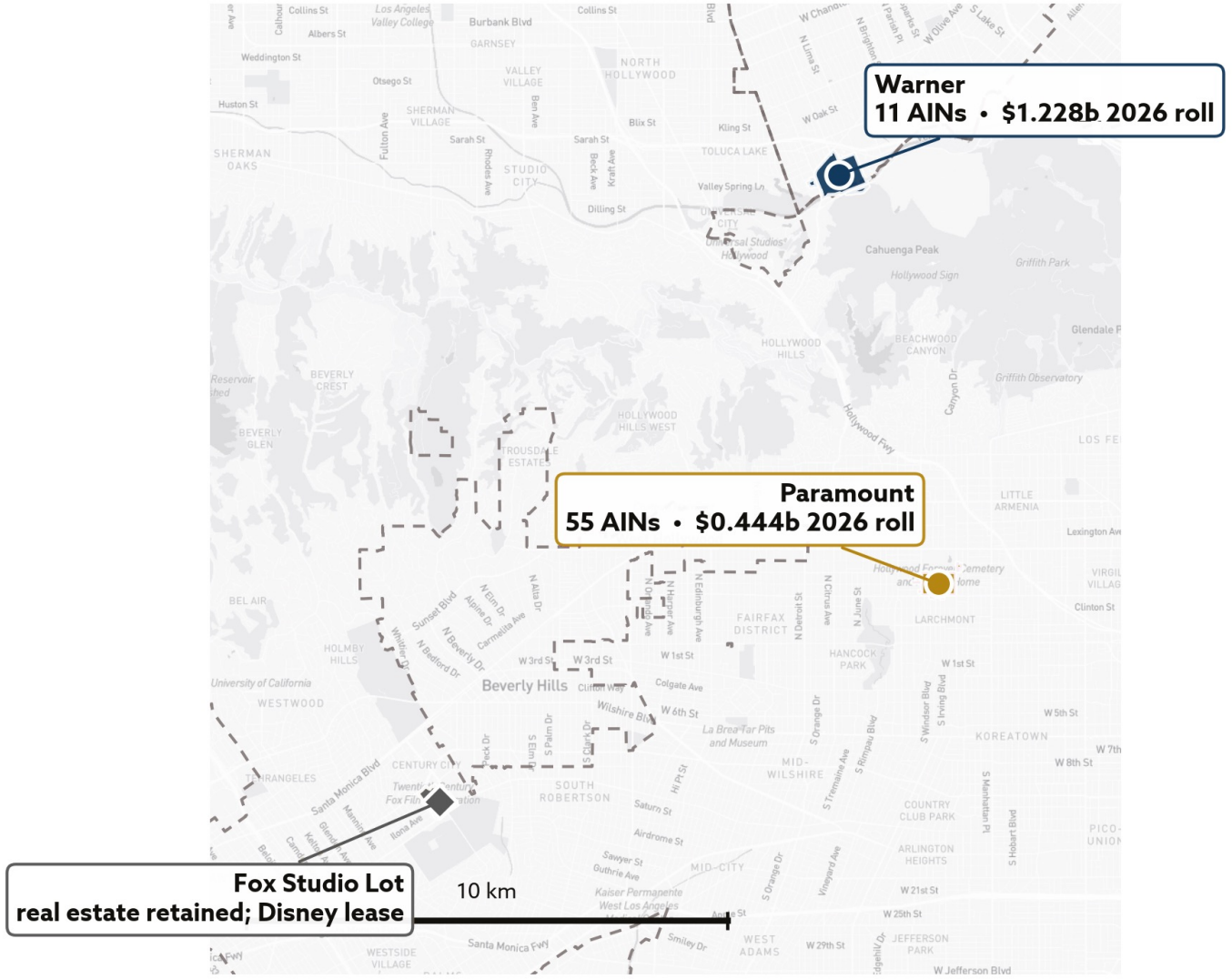
The findings therefore point to potential near-term fiscal upside from reassessment alongside longer-term production-location risk. The merger does not determine where production will occur, but it puts those location choices within one combined company facing pressure to reduce costs.

The transaction touches 66 parcels, 189.6 acres, and $1.67 billion in assessed value across Los Angeles County

The transaction touches 66 fee-owned assessor parcels across 189.6 acres, with a combined assessed value of $1.672 billion on the 2026 assessment roll.

Warner Bros. accounts for 11 parcels totaling 127.17 acres, with $1.228 billion in assessed value and $13.71 million in 2025–26 property-tax bills at a weighted ad valorem rate of 1.11108 percent. Paramount accounts for 55 parcels totaling 62.41 acres, with $444.4 million in assessed value and $6.74 million in property-tax bills at a weighted ad valorem rate of 1.18738 percent.

The fiscal exposure is highly concentrated. Warner Bros.' largest parcel carries 61.3 percent of that unit's assessed value, while Paramount's largest parcel carries 74.5 percent. For that reason, complete appraisal-unit boundaries matter. A change in control, reassessment, or other valuation event affecting one large appraisal unit could have fiscal consequences disproportionate to the number of parcels involved.



Source: LA County Assessor appraisal-unit response (August 4, 2026) and 2026 roll; Treasurer and Tax Collector 2025–26 bills; County parcel GIS. Basemap © Mapbox © OpenStreetMap. Assessed value is not market value.

Under Proposition 13, a change in ownership can reset assessed value to market value

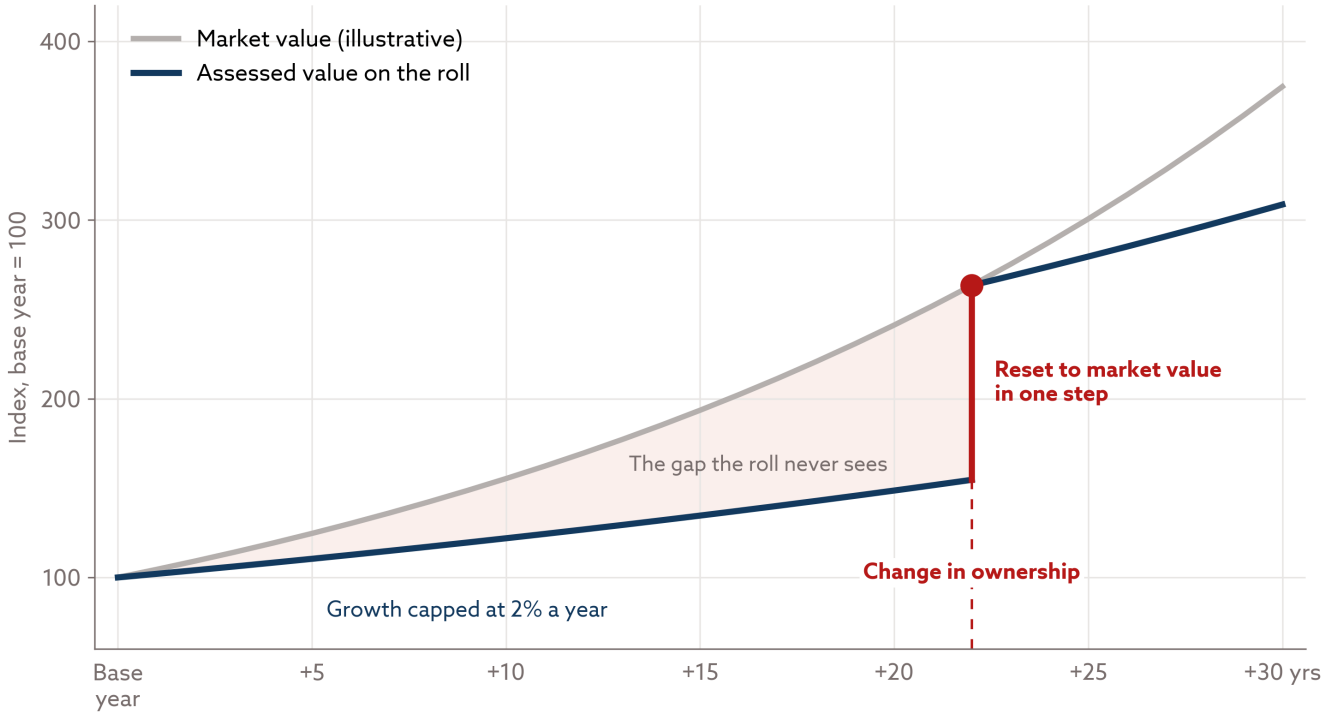
Proposition 13 is often understood through its rate limitation, but the issue that matters here is base-year value: the point at which a property's assessed value was last reset to market.

Assessed value is generally established upon acquisition and may then increase by no more than 2 percent per year, regardless of changes in market value. A property held for decades can therefore remain on the assessment roll far below what it would command in a current sale. New construction is treated differently. The value of the new improvement is added to the roll, but the rest of the property is not reset.

A change in ownership can reset the base-year value to current market value. California Revenue and Taxation Code section 64 governs when a transfer of corporate control is treated as a change in ownership. Acquiring more than 50 percent of an entity that owns California real estate can trigger review even if no deed is recorded.

Under Proposition 13 the base year decides the bill

Illustrative path: assessed value against market value, base year = 100



Source: California Revenue & Taxation Code §§60–64; LAO, Understanding California's Property Taxes; State Board of Equalization, Legal Entity Ownership Program. Chart: CVL Economics illustration, not a valuation.

The largest reassessment exposure sits with Warner, despite Paramount's much older tax base

The two campuses affected by the transaction sit at opposite ends of the Proposition 13 cycle. That distinction, more than their relative size, determines where the fiscal upside is likely to sit.

Warner Bros.' parcel history is the closest available precedent. The Assessor confirms Revenue and Taxation Code section 64 change-in-ownership events on all 11 Warner fee-owned parcels in connection with AT&T's June 14, 2018 acquisition of Time Warner, with $1.015 billion in public event assessed value. It also confirms section 64 events on 9 of the 11 parcels in connection with the April 8, 2022 WarnerMedia-Discovery combination, with $780 million in public event assessed value. Nine of the 11 Warner land base years are 2018, and the 2022 base-year value has not yet been finalized.

Paramount's campus has not been through the same cycle. Of its 55 parcels, 52 still carry 1994 land and improvement base years.

The result is counterintuitive but fiscally important. The lot with the larger roll value and the larger tax bill is the one that has already been reassessed twice, and it is the only one toward which this transaction directs change-in-control review. The oldest base years in the transaction belong to the acquiring parent, and an acquirer's existing real estate is not reset merely because it is the acquirer. The largest latent assessment gap across the two campuses is therefore the one the transaction does not reach.

Warner parcels with section 64 events, 2018

11 of 11

9 of 11 again in 2022; the 2022 base-year value is unresolved

Paramount parcels still on 1994 base years

52 of 55

$444.4M on the roll across 62.41 acres

Warner roll value and annual bill

$1.228B

$13.71M in 2025–26 bills; Paramount $6.74M

Source: LA County Assessor parcel ownership histories and the August 4, 2026 appraisal-unit response; AT&T closing Form 8-K (2018); WBD combination announcement (2022). Event values evidence review, not final base years.

The Fox lot precedent: the deal perimeter decided the tax outcome

What the record shows

Before Disney closed its acquisition of Twenty-First Century Fox, 21CF separated the Fox real property scheduled for transfer, including the studio lot, and transferred it to the newly formed Fox Corporation. Fox Corporation shares were then distributed pro rata to existing 21CF shareholders on March 19, 2019. Disney acquired the remaining 21CF business the following day.

Fox then leased production and office space back to the Disney-owned 21CF business under a lease with an initial seven-year term and two five-year extension options, for a maximum written term of 17 years. That term was below the 35-year threshold identified in Property Tax Rule 462.100. Disney productions remained the predominant users of the lot.

The County parcel record for AIN 4315-019-013 shows a March 2019 "Correction to Reverse Reappraisal (709 Txn)," labeled non-reappraisable under section 62(a). The parcel continues to carry a 1995 land base year.

Source: SEC-filed Fox Separation and Distribution Agreement, Fox Form 10 and 2021 10-K, Disney closing 8-K; LA County Assessor history for AIN 4315-019-013; R&T Code §62(a); Property Tax Rule 462.100.

By 2027, Leavesden's planned stage floor reaches 87% of Warner's Burbank capacity

Warner Bros. operates two major studio campuses relevant to this transaction: Burbank in the United States and Leavesden in the United Kingdom. Burbank has 44 specification-listed shooting stages totaling 840,695 square feet, including 28 on the Main Lot and 16 at the rebuilt Ranch, which reopened on March 18, 2026. Leavesden currently has 22 conventional stages totaling 545,800 square feet.

By 2027, Leavesden's approved expansion is expected to bring the campus to 29 conventional stages and 730,800 square feet. That would equal 87 percent of Burbank's stage floor area with roughly two-thirds as many stage structures.

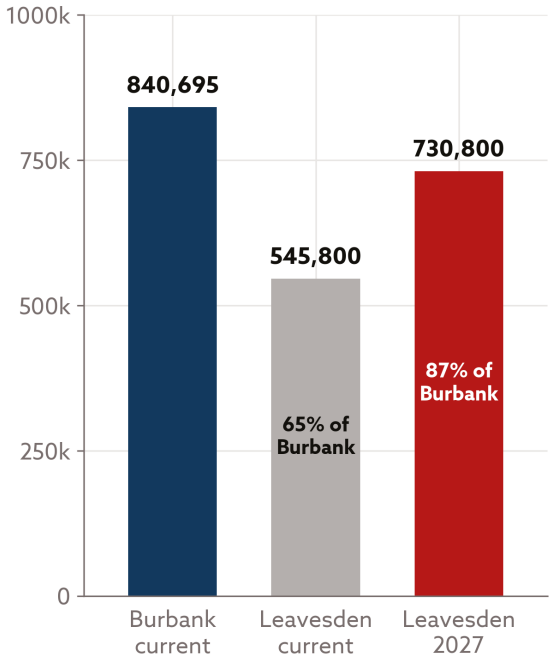
Floor area is the more stable comparator than stage count. The two sites publish stage counts using different conventions, and this report preserves that distinction rather than smoothing it over. On the dimension that matters most for tentpole production, Leavesden is already advantaged: it has ten stages of 30,000 square feet or more, compared with one at Burbank, and an average specified stage shell of 25,200 square feet, compared with 19,107 square feet at Burbank.

Two-thirds as many shells, but 87% of the floor

Conventional spec-listed shooting stages; the adaptable Tour shell is excluded

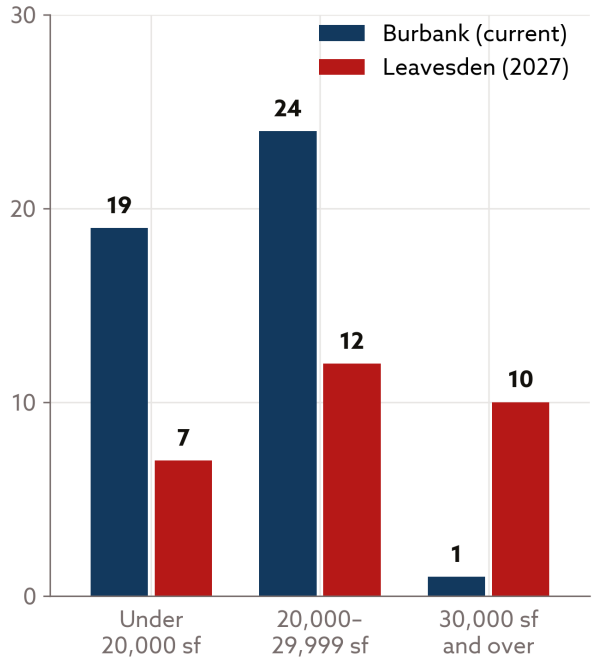
Specified stage floor, square feet

44 shells at Burbank; 22 today and 29 in 2027 at Leavesden



Stages by published floor-area band

Mean specified shell: 19,107 sf at Burbank, 25,200 sf at Leavesden



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Source: Burbank × Leavesden policy primer S7–S8 and Appendices B–C — published Warner stage specifications and Leavesden planning filings, status date August 5, 2026. 2027 is approved capacity, not operational evidence.

Burbank retains production advantages, but Leavesden is closing important gaps

Where Burbank retains advantage

Burbank's production advantage is not only its stage inventory. It is the combination of standing exterior sets, specialized infrastructure, stocked departments, and final post-production capacity that allows productions to solve more problems on one campus.

Burbank markets nine standing exterior districts, including New York Street, Midwest Street, Embassy and park settings, French streetscape, Warner Village, and Jungle Lagoon. These districts reduce the need to rebuild exterior environments from scratch. The campus also has specialized infrastructure that Leavesden does not match at the same scale. Stage 16 includes a 2.5-million-gallon tank measuring 238 by 135 feet, with 65 feet of clear height. Leavesden's D Stage tank holds 448,476 gallons.

The same distinction applies to production services. Burbank has stocked, staffed departments, including a 250,000-square-foot property inventory, a 60,000-square-foot costume department, lighting, grip and rigging, mechanical and pyrotechnic effects, a staffed design studio and mill, and a fleet of more than 270 vehicles. It also retains final post-production capacity on the lot, including 22 listed re-recording rooms, six ADR stages, Foley, scoring, mastering, and restoration.

Where Leavesden is closing the gap

The gap is narrowing, however. Leavesden opened an on-campus post-production node in June 2026, with ADR, dailies, 4K HDR and VFX review, and two screening rooms. That facility is connected by private dark fiber to Warner Bros. De Lane Lea in London, which includes four mixing stages, an ADR theater, 44 cutting rooms, three color theaters, and mastering.

That matters because final picture and sound have historically preserved some Los Angeles County spend even when principal photography moved elsewhere. Once those functions can remain within the United Kingdom production ecosystem, the local spending tail that used to survive a runaway shoot is also at risk.

Leavesden also has dedicated virtual production capacity and more than 55 acres of buildable backlot. What it does not publicly evidence is stocked property, costume, or effects inventory at Burbank's scale. The two campuses are therefore not identical substitutes. The gap has narrowed most in large-format stage capacity and post-production connectivity, while Burbank's remaining advantage lies in the depth of its full-service production ecosystem.

Source: Burbank × Leavesden policy primer S8–S13 and Appendices A and D–E; policy explainer memo, August 5, 2026. Public sources only — no rate card, lease term or booking calendar was used.

Burbank and Leavesden carry nearly identical gross property charges, but U.K. relief makes Leavesden's net cost 40% lower

The recurring property charge is the facility's annual property-related tax bill, owed whether or not production occurs on site. This comparison isolates that fixed annual facility cost. It does not include production incentives; the tentpole credit comparison is a separate analysis later in the report.

California and England tax different bases. California taxes assessed capital value, while England taxes estimated annual rental value. For that reason, the appropriate comparison is annual cash cost, not nominal tax rates.

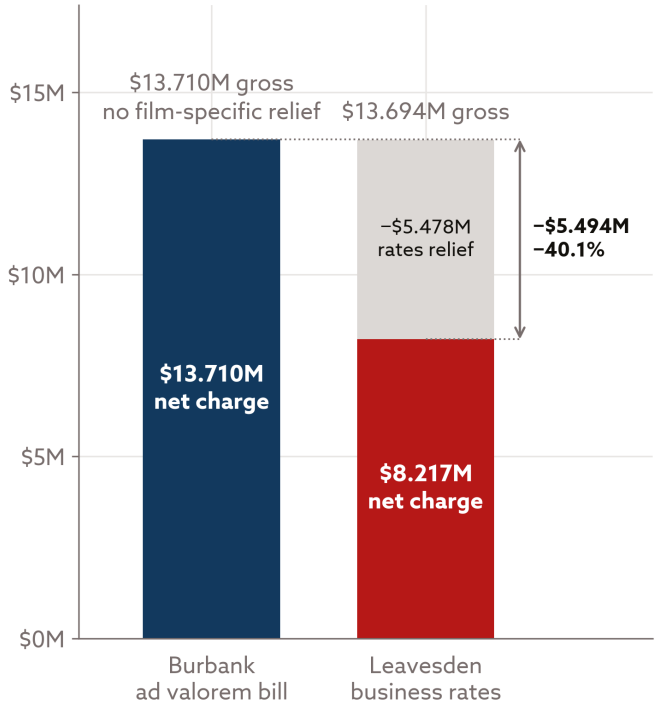
Converted at £1 = $1.3447, the gross annual charges are nearly identical: $13.694 million at Leavesden and $13.710 million at Burbank, a difference of 0.12 percent. England's 40 percent film-studio business-rates relief then reduces Leavesden's net charge to $8.217 million, making it 40.1 percent, or $5.494 million, lower than Burbank's.

Burbank's bill consists of $12.027 million from the general 1 percent levy, $1.336 million from voter-approved debt, and $0.348 million from direct assessments. No comparable film-specific property relief is modeled on the California side.

The English relief is scheduled to run through 2033–34. If it lapses with no other changes, the Leavesden charge would rise 66.7 percent back to its gross level. That expiration is the key cliff to monitor in this comparison.

Near-identical gross bills; a 40.1% gap after rates relief

Recurring annual property charge on each lot — the facility's tax bill, owed whether or not a production shoots there. Burbank 2025–26 bills; Leavesden 2026–27 rating year; £1 = $1.3447. No production incentive is included in this comparison.



Gross recurring bills

0.12% apart

$13.710M at Burbank against $13.694M at Leavesden — about $16,000 between them, on tax bases that are not comparable to each other

Net charge after relief

40.1% lower

England's 40% film-studio rates relief removes $5.478M, cutting the Leavesden charge to $8.217M — $5.494M below the Burbank bill

Relief runs to 2033–34

+66.7% if it lapses

With nothing else changing, the Leavesden charge returns to its gross amount. That cliff is the monitoring item in this comparison

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Source: Burbank × Leavesden primer S15–S18 and explainer memo §3 (property charges); VOA 2026 rateable value; LA County TTC 2025–26 bills. £1 = $1.3447 (Bank of England, Aug. 4, 2026).

The plausible tilt: a financially driven company leans on the UK lot

The plausible tilt is toward greater use of the United Kingdom lot. This exhibit is a production-incentive comparison for a synthetic $250 million tentpole. It is a one-time, project-level analysis and should not be read as a property-charge comparison.

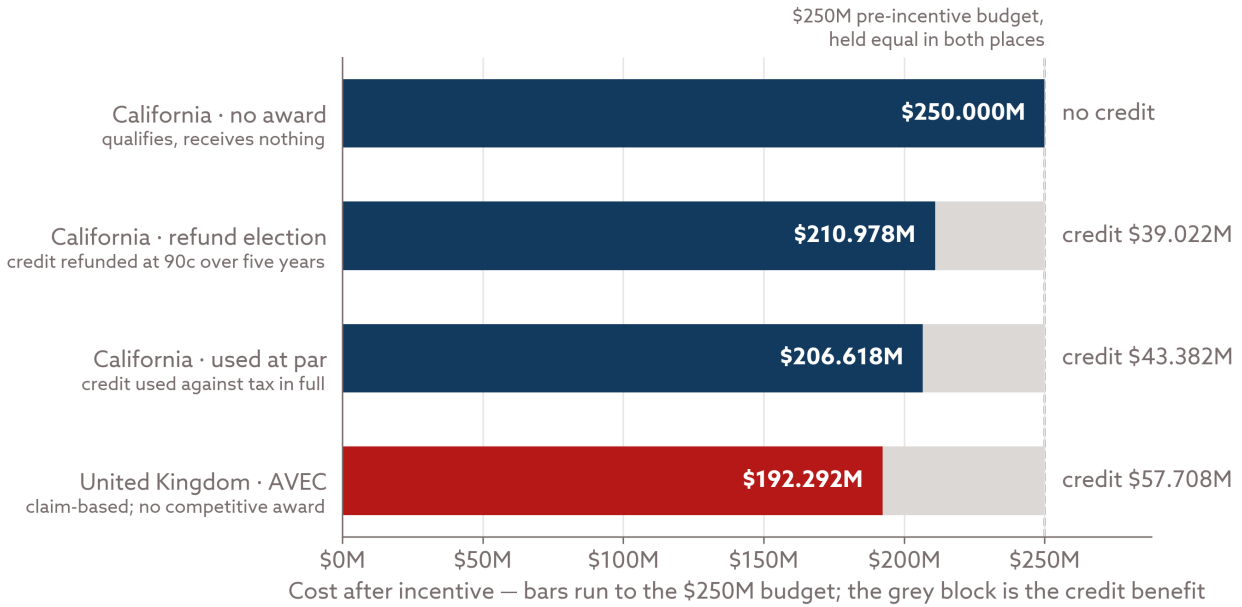
A company deleveraging is likely to optimize production cost per title rather than location loyalty. On this ledger, the United Kingdom's AVEC produces a $57.708 million net benefit, compared with $43.382 million for an awarded California credit used at par and $0 with no California award. The United Kingdom can therefore cost 5.73 percent more before incentives and still match California on a net-cost basis.

Real estate is also one of the savings categories management has publicly identified. If a lot were separated, sold, or otherwise monetized, the disposal logic would likely follow the same cost logic as the production analysis: capital would be directed toward the site with stronger financial advantages at the margin.

Evidence that would weaken this interpretation would include verifiable, time-bound Burbank utilization commitments with defined metrics, or sustained California tax-credit allocations to the combined slate. The point is not that production relocates wholesale. It is that marginal production decisions become more likely to tilt toward Leavesden when financing pressure, incentive math, and recurring facility costs all point in the same direction.

A synthetic $250M tentpole: cost after production incentive

One-time, project-level tax-credit ledger — California Program 4.0 against United Kingdom AVEC. This is not a property charge, and the England film-studio rates relief is not added to it.



Break-even: the UK net benefit is $14.326M larger than an awarded California credit used at par, so the United Kingdom can cost 5.73% more before incentives and still match it — 7.47% against the California refund case, and 23.08% against a California no-award case.

Timing: at an 8% discount rate the present values are $49.5M for UK AVEC and $37.2M for California at par.

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Source: Burbank × Leavesden primer S19–S23 and explainer memo §§4–5; management statements (60-Day Report S22); CVL Economics

06 / Standing up transitional resources

Package existing County tools as an entertainment transition protocol

Potential losses will not arrive through one employer or one Worker Adjustment and Retraining Notification (WARN) notice. Use one intake for corporate employees, project workers, and vendors.

Corporate layoffs | Rapid Response + job centers

What exists. Rapid Response and America's Job Centers of California (AJCCs) provide benefits access; job readiness; credentials; paid work experience; on-the-job training (OJT); job fairs; and public-sector hiring.

What could be activated. Name a lead AJCC, studio contact, and labor-management transition team. Open access when cuts are announced—services are available regardless of WARN.

Project-work loss | High Road Training Partnerships (HRTPs)

What exists. Arts, Media, and Entertainment (AME) pathways offer free training, work experience, credentials, coaching, and placement across film, television, live events, music/audio, and digital media.

What could be activated. Reserve dislocated-worker capacity; validate craft-to-occupation crosswalks with unions and guilds; accept union and self-referrals when no employer notice exists.

Vendor contraction | Office of Small Business (OSB) + DEO services

What exists. One-on-one counseling; County certification and contracting; government-procurement assistance; recruitment and workforce incentives; incumbent-worker and Work Sharing resources.

What could be activated. Create entertainment-vendor triage and connect firms to revenue-diversification and layoff-aversion support before payroll cuts or closure. The prior $4 million interruption fund is a response precedent.

Fragmented intake | Film Office + transaction webpage

What exists. An industry liaison and system navigator, transaction reporting, HRTP links, and strike-response experience.

What could be activated. Turn the report page into one transition hub linking Rapid Response, AJCCs, HRTPs, and OSB—with worker and vendor registration, eligibility, events, and public outcome metrics.

Sources: Los Angeles County Department of Economic Opportunity program pages for Rapid Response, High Road Training Partnerships, Office of Small Business, America's Job Centers of California, Film Office, and transaction reporting; accessed Aug. 14, 2026.

07 / appendix

Methods and limitations

How the impact estimates were produced

The direct employment input reflects the Los Angeles County share of the national workforce-consolidation scenario developed in this report. It is calibrated to the managed-integration case, in which the transaction closes and proceeds broadly as management intends, rather than to the strained or failed-deal alternatives.

Three considerations shape the County allocation. First, the combined company's Los Angeles exposure is weighted toward legacy Warner Bros. Discovery operations, based on facility footprint, California tax-credit utilization, and scripted-television production history. Second, the analysis assumes the observed decline in local scripted-television commissioning and production continues over the modeled period; it does not assume a recovery to prior commissioning levels or impose additional deterioration beyond trend. Third, impacts are measured over a three-year integration period (2027–2030), when announced synergy programs and slate consolidation would plausibly affect the production economy.

The resulting direct impact of 4,495 job-years represents employment capacity at risk over that three-year period under the stated scenario. It is not a forecast of 4,495 individual workers being laid off.

IMPLAN scales linearly from the direct input for a fixed event specification. Alternative direct inputs therefore rescale at the stated multipliers: 2.30 for employment, 1.70 for labor income, and 1.64 for output.

What the estimates do—and do not--measure

- **Capacity at risk, not a forecast.** Section 03 estimates employment capacity at risk under a stated scenario; none of the results forecasts announced layoffs.
- **Attribution convention.** The studio view is the primary attribution because it follows where each company produces. The network view is also reported where the two approaches diverge, but the analysis does not assert which direction future production will move.
- **Location coverage.** As of August 9, 2026, principal-photography location is identified for 90% of film titles and 73% of television titles (26% Warner; 67% Paramount). Titles without a recorded location are excluded from location-based rates and are not assumed to be outside California.
- **Employment data vintages.** QCEW uses 2025 annual averages, released June 2, 2026; CES uses June 2026 preliminary data, released July 29, 2026. Two revisions land on August 28, 2026: QCEW 2026 Q1 and the preliminary CES benchmark. Results published on or after that date require a re-pull.
- **Screen credits are not jobs.** A credit indicates attachment to a title, not a payroll position, duration of employment, or wage. Credits measure activity; they do not count employment.
- **Counts are not spending.** Titles, releases, and orders measure decisions, not dollars. Release counts are an output commitment, not a production budget or location-specific spend.
- **Comparisons use different denominators where appropriate.** The two commissioning universes are not plotted together; creator-deal counts rely on different denominators across sources and are labeled accordingly; and no input-output estimate is presented for deal failure because it is not a consolidation event.

Data and sources

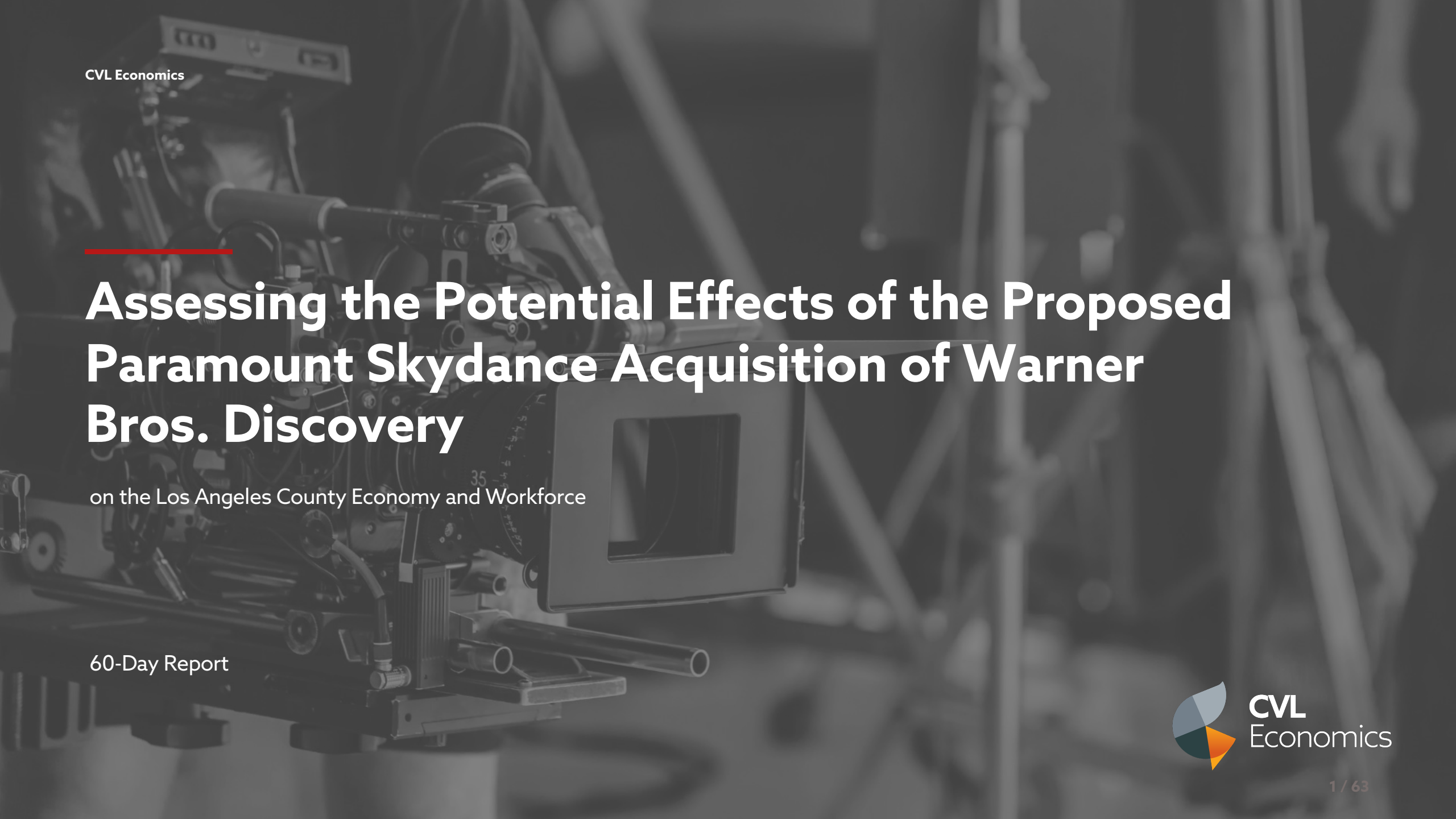
Public, statistical, and official sources

- Company filings, cited by SEC accession: the merger agreement and related Forms 8-K; Paramount Skydance Form 10-Q filed August 4, 2026; Forms 10-K, 10-Q, 8-K, DEFM14A and proxy materials for both parties, and the Disney–Fox filings behind the precedent analysis.
- Bureau of Labor Statistics QCEW (Los Angeles County, NAICS 5121, private; 2025 annual averages, released June 2, 2026) and CES (LA–Long Beach–Glendale, NAICS 512, June 2026 preliminary, released July 29, 2026); California Employment Development Department.
- Bureau of Economic Analysis regional price parities, 2024 vintage; U.S. Census Bureau and Federal Reserve Bank of St. Louis (FRED) series for population, income and price context.
- Los Angeles County Assessor 2026 roll, the August 2026 appraisal-unit response and change-in-ownership records; Auditor-Controller AB 8 allocation and tax-rate-area files; Treasurer and Tax Collector 2025–26 bills; Registrar-Recorder documentary transfer tax.
- California Attorney General filings, including the July 24, 2026 stipulation; Department of Justice closing statement; Board of Equalization section 64 and lease guidance; Legislative Analyst's Office Proposition 13 primers; County budget and Board motion records.
- FilmLA; California Film Commission program and allocation data, carried forward from the 60-Day Report. UK Valuation Office Agency rateable values and planning filings for the Leavesden comparison.

Licensed, modeled, and proprietary sources

- Luminate Film & TV, bulk license — releases, credits, principal-photography locations and streaming share. Snapshot June 25, 2026; data cut August 9, 2026. Cleared for County publication August 11, 2026.
- IMPLAN — this report's input-output module, Los Angeles County model. The event is specified on the motion picture and video industries sector; model year, data year and the full event specification travel with the run file.
- Ampere Analysis commissioning data, carried forward from the 60-Day Report. Moody's — leverage. S&P Global — transaction history. Nielsen and Box Office Mojo — audience and box office. CoStar — real estate.
- CVL Economics workforce benchmarking and credit analysis (proprietary).
- Contemporaneous press reporting, used for dated events and attributed as reported claims rather than findings — including the six-merger layoff-wave record at slide 24, whose numbered source groups are held in this report's timeline source-group annex, available on request.

A numbered source ledger for the property-tax and fiscal workstream — 38 entries with publisher, URL, retrieval date, file hash and evidence classification — and the Burbank–Leavesden source register are appended to the published report.



Assessing the Potential Effects of the Proposed Paramount Skydance Acquisition of Warner Bros. Discovery

on the Los Angeles County Economy and Workforce

60-Day Report

CVL Economics

Los Angeles County is assessing merger risk at a fragile moment for entertainment workers

This study responds to the March 17, 2026 motion directing the Los Angeles County Department of Economic Opportunity to assess the economic implications of the proposed Paramount Skydance acquisition of Warner Bros. Discovery.

The motion reflects a specific County concern: whether the transaction could deepen workforce and economic stress in a production economy already affected by the COVID-19 pandemic, the 2023 industry strikes, and the January 2025 wildfires.

The report therefore focuses on two questions: which local jobs and business functions are most exposed to consolidation, and how the transaction could affect project-based production activity in Los Angeles County.

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Deal structure • industry M&A context • strategic rationale

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Paramount Skydance and Warner Bros. Discovery histories and operating health

3 **Market performance and revenue pressure**

Consumer market performance, revenue trends, and commissioning landscape

4 **Commissioning and production geography**

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5 **LA County workforce and economic impact**

Economic, workforce, and policy implications for Los Angeles County

60 Day Report | Executive Summary

This study assesses the potential economic and workforce implications of the proposed Paramount Skydance acquisition of Warner Bros. Discovery for Los Angeles County. The proposed transaction comes at a fragile moment for the region's entertainment economy, following the cumulative effects of the COVID-19 pandemic, the 2023 industry strikes, and the January 2025 wildfires. The County's policy question is not only whether the merged company will continue producing content. It is whether the transaction will reduce local employment, weaken the region's production base, or shift more economic activity outside Los Angeles County.

The central finding of this report is that the proposed transaction creates two distinct exposure channels for Los Angeles County. The first is direct and merger-driven: consolidation of duplicated enterprise and commercial operations. The second is indirect and more contingent: changes in commissioning, production location, and local production capture that affect project-based creative and production workers.

The clearest near-term risk is enterprise consolidation. The proposed deal would create a highly leveraged company, with roughly $82 billion in pro-forma gross debt and leverage near 7x EBITDA before synergies. Management has committed to reaching investment-grade metrics within three years and has identified more than $6 billion in projected synergies. The evidence indicates that corporate overhead, streaming technology, cloud systems, real estate, procurement, and other operating efficiencies are likely to be central savings categories. Los Angeles County is exposed because it contains the largest single concentration of overlapping enterprise and commercial operations roles in the transaction, approximately 2,500 roles performing comparable work in the same market. This estimate should not be read as a layoff forecast. It defines the scale of comparable local work that may be subject to consolidation.

The production-workforce risk is less direct but still material. Management has publicly committed to continued theatrical output, including roughly 30 films annually across both studios. However, release volume does not guarantee local production spending. The analysis shows that production activity is increasingly geographically dispersed and shaped by incentives, labor costs, infrastructure, and operational flexibility. Shorter seasons and reduced scripted commissioning may also weaken job continuity for project-based workers, even where consumer demand remains significant.

The policy implication is that Los Angeles County should distinguish between merger-driven job risk and broader location-competitiveness risk. Near-term response should focus on monitoring enterprise consolidation, preparing targeted support for affected workers, and engaging the company around local employment and facility commitments. Longer-term response should focus on strengthening the region's ability to capture production spending through state and local competitiveness tools, including incentives, permitting, infrastructure, and supplier retention. The scenario analysis should be used as a bounded planning tool, not a single-point forecast. Its value is in clarifying which assumptions drive local job and GDP exposure, and which policy levers the County can realistically influence.

01 Why this transaction matters for Los Angeles County

The financing structure makes deleveraging central to the transaction

Nothing about this deal came easily. Paramount launched a hostile approach on December 8, 2025, making a tender offer directly to WBD shareholders and running a contested proxy campaign. WBD's board agreed to a negotiated merger on February 27, 2026.

The financing structure is what gives this deal its weight. WBD shareholders are being cashed out at $31.00 per share, a roughly 147% premium to the unaffected price, which requires Paramount to raise approximately $101 billion. That capital stack includes a $54 billion senior secured bridge loan led by Bank of America, Citi, and Apollo, plus a $3.5 billion revolver, and $47 billion in new Class B equity priced at $16.02 per share, backstopped by the Ellison family and RedBird under an Ellison guarantee. WBD's existing legacy debt of approximately $30 billion is partly refinanced and partly exchanged into junior-lien notes. The combined entity will carry roughly $82 billion in gross debt. The agreement is not conditioned on financing. The termination fee structure reflects how much is at stake: WBD owes Paramount a $3 billion breakup fee if it walks, and Paramount owes WBD a $7 billion reverse termination fee if regulators block the transaction.

Paramount's April 7, 2026 8-K confirms that three Gulf sovereign wealth funds are participating in the equity syndication: Saudi Arabia's Public Investment Fund, Abu Dhabi's L'imad Holding, and the Qatar Investment Authority, alongside LionTree. All three funds hold non-voting Class B shares. The Ellison family and RedBird retain 100% of the voting Class A shares, making the combined entity a controlled company under Nasdaq rules. The ownership structure was designed to stay within FCC foreign-ownership limits.

Press coverage of the filing places the three Gulf funds at approximately 38.5% of post-close equity, or roughly 49.5% foreign-held in total: PIF at approximately 15.1%, Abu Dhabi at approximately 12.8%, and Qatar at approximately 10.6%, representing a combined investment of around $24 billion. The funds agreed to forgo board seats and governance rights. Economic exposure is distributed broadly across foreign investors; voting control stays concentrated domestically.

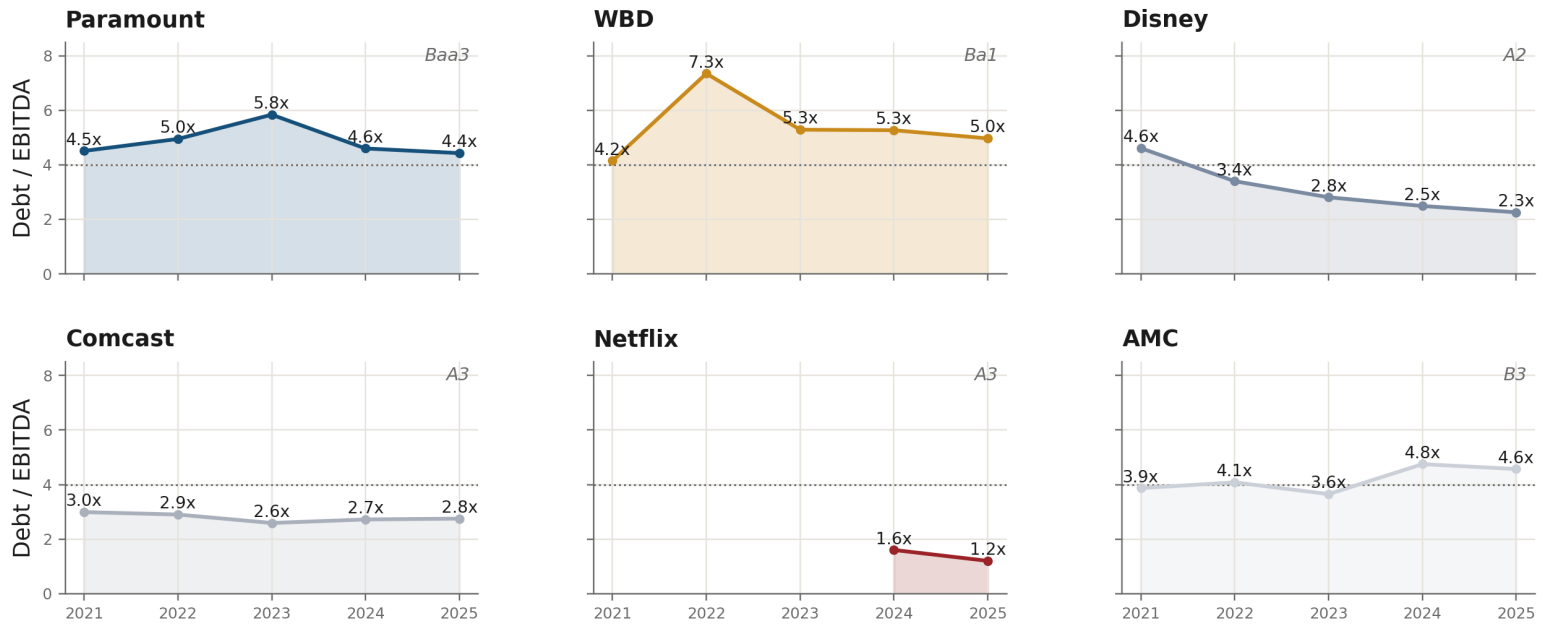
Regulatory clearances are accumulating across foreign jurisdictions. Australia's ACCC cleared the transaction on June 9, subject to a 14-day waiting period expiring June 23, 2026, and New Zealand's Commerce Commission declined to review the deal further. Paramount Skydance has also secured competition approvals in Saudi Arabia, Ukraine, Serbia, and North Macedonia, along with foreign-direct-investment sign-offs in Germany, Slovenia, Belgium, Czechia, New Zealand, Italy, France, and Romania. The U.S. Department of Justice closed its antitrust review on June 12, 2026, concluding an eight-month, two-million-document probe with a finding that the merger is unlikely to harm competition, which removes the federal antitrust constraint that previously gated the deal. The principal remaining hurdle is the European Union, which is conducting two parallel reviews: a standard Phase 1 merger review under Council Regulation 139/2004 (notified June 2, provisional deadline July 7) and a Foreign Subsidies Regulation review of approximately $24 billion in financing from Gulf sovereign wealth funds (provisional deadline July 14). Secondary open inquiries remain at the U.K.'s Competition and Markets Authority, targeting an initial decision in early August, and at the office of California Attorney General Rob Bonta, which retains independent state antitrust authority.

For Los Angeles County, the key issue is the operating pressure created by the financing.

Paramount and Warner Bros. Discovery already entered the transaction with elevated leverage

The merger partners carry heavier debt loads than several major media peers.
Paramount and Warner Bros. Discovery have operated above or near the 4.0x debt-to-EBITDA threshold shown in the peer comparison, while Disney, Comcast, and Netflix sit materially lower. The proposed transaction would add another layer of leverage to companies already managing balance-sheet pressure.

Leverage, 2021–2025: the merger partners already carry the heaviest debt loads



Dotted line ≈ 4.0x. Higher = more debt per dollar of earnings. Ratings shown at right of each panel.

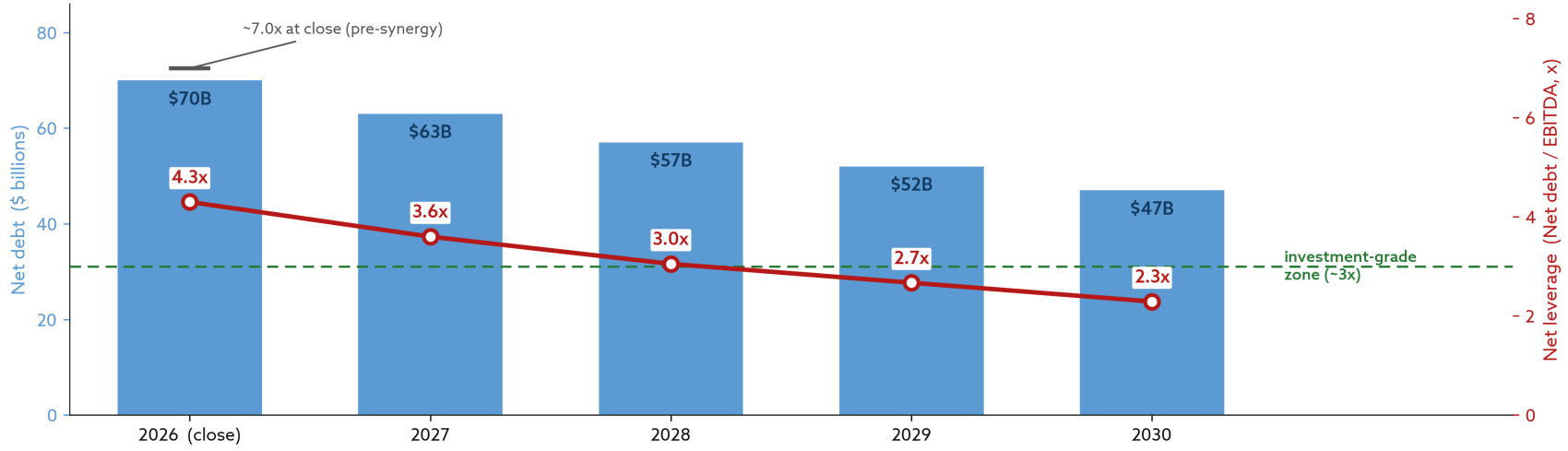
Source: Moody's peer snapshot (as adjusted); Netflix 2024–25 (peer-snapshot coverage).

The investment-grade target depends on fast EBITDA growth and timely synergy capture

Opening leverage of roughly 7x EBITDA is well above where a media company can operate comfortably, and the BB+ rating reflects that. Management has committed to reaching investment-grade within three years, which requires the combined company to reduce net leverage from 4.3x at close (on a synergized basis) to approximately 3x by 2029 and lower thereafter. There are two ways to get there: shrink the numerator by paying down debt with free cash flow, or grow the denominator by lifting EBITDA, which is the work the projected $6 billion-plus in synergies is supposed to do. Miss on either front and the timeline slips. A weak streaming ramp, sports rights cost inflation, or synergies that arrive later than modeled would each put the investment-grade target at risk.

The deleveraging imperative: ~$82B of debt must fall to investment grade by ~2029

Combined-company net debt and net leverage, close (2026) through 2030.



Source: PSKY press release 2026-02-27 (4.3x synergized at close; investment grade within three years) and WBD DEFM14A (~$82B gross / ~$70B net debt; ~7x 2026E EBITDA pre-synergy). Intermediate years illustrative.

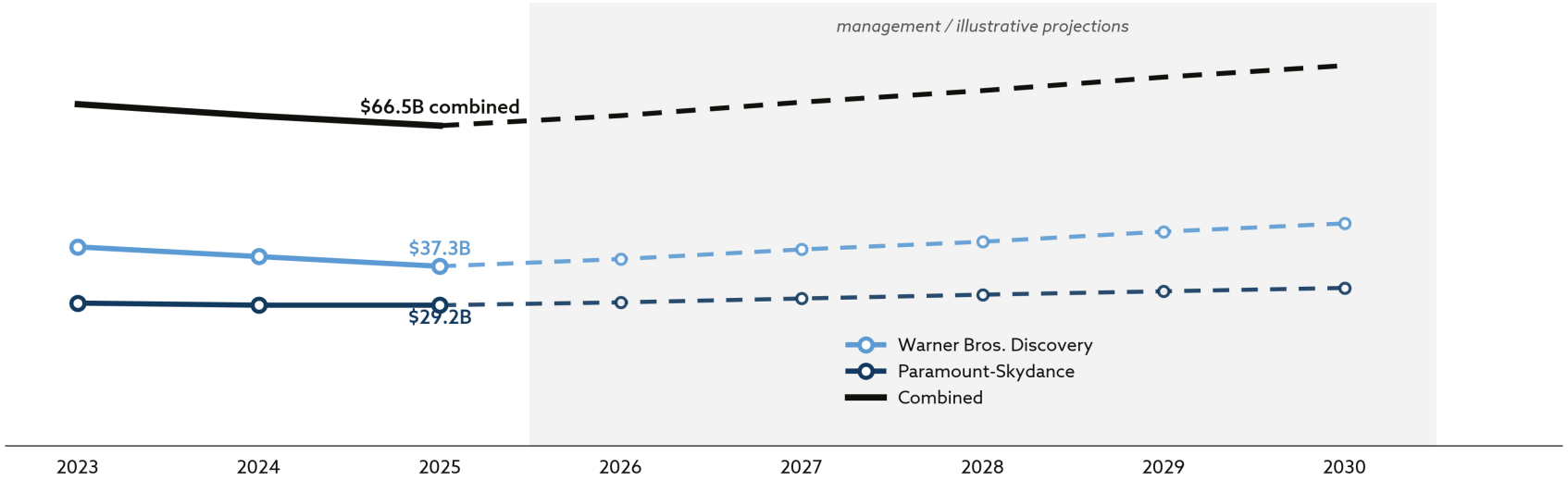
The debt is fixed, but the revenue engine remains in transition

The combined company generates approximately $66 billion in revenue today, but the composition matters more than the total. The cash that services the debt comes disproportionately from linear networks, and linear is shrinking. WBD's revenue fell from $41.3 billion in 2023 to $37.3 billion in 2025; Paramount has been roughly flat near $29 billion. Growth has to come from streaming and studios, and it has to outrun the linear decline quickly enough to keep total revenue rising while approximately $82 billion in debt is paid down.

Management's own projections, drawn from the proxy cases in WBD's filing, show revenue climbing back toward the high $70 billions by 2030. That is a bet on streaming scaling at pace, not a projection that can be taken as given. This is the central tension in the deal: the debt is fixed and due; the revenue engine meant to retire it is still in transition.

The revenue engine: ~$66B today, but the mix matters more than the total

Annual revenue by company and combined, FY2023 actuals through 2030 projections ($B).

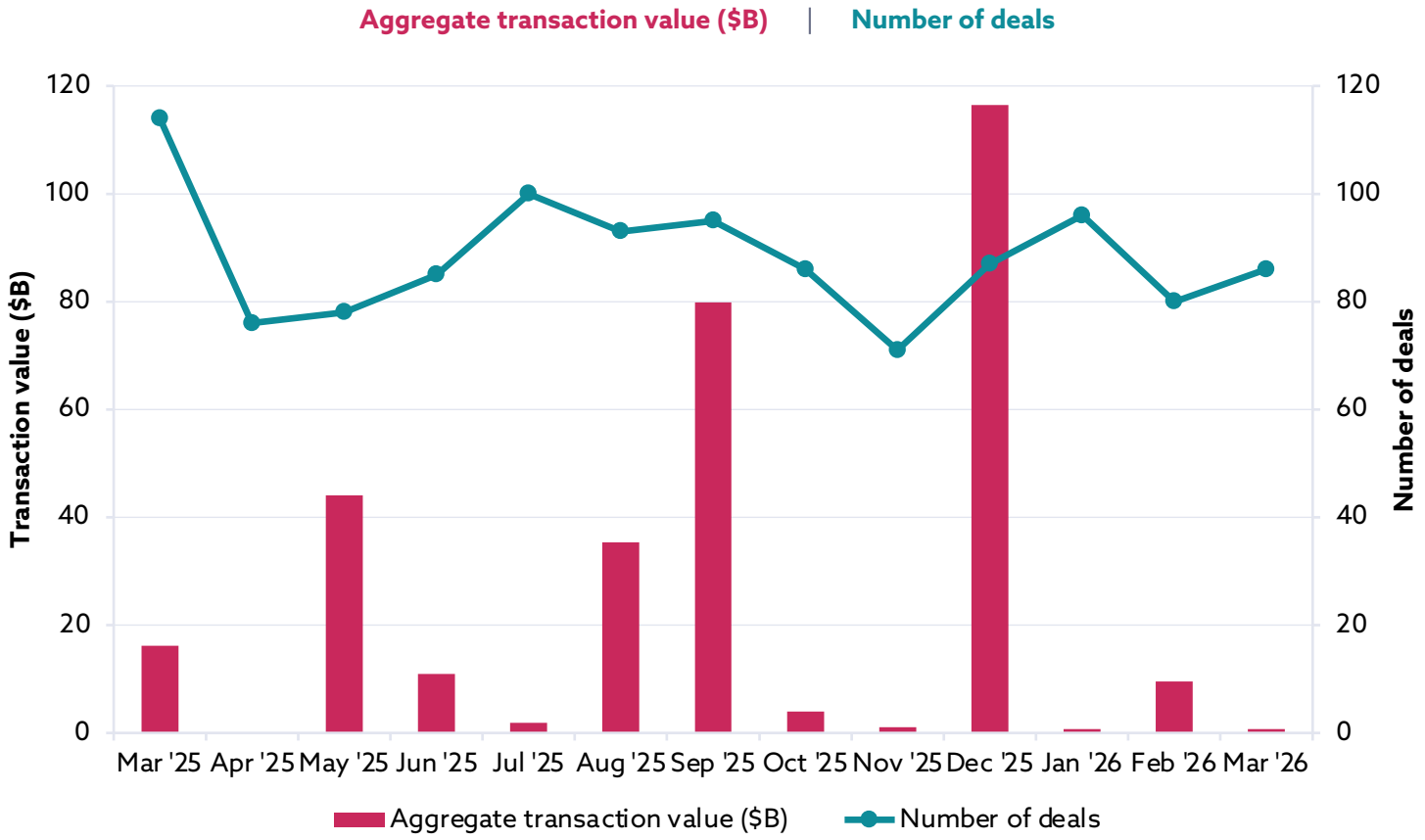


Source: WBD and Paramount Global / PSKY 10-Ks (FY2023-FY2025 actuals, solid); WBD DEFM14A 'WB'+'DG' cases summed and Paramount illustrative forward (projections, dashed).

Media companies are using scale to respond to streaming competition and legacy-revenue pressure

Media and telecommunications merger and acquisition activity entered 2026 at a subdued pace as companies navigate a rapidly evolving competitive landscape. Large-scale transactions remain limited while firms assess the strategic implications of potential the Paramount-Warner Bros. Discovery industry consolidation. The prospect of combining large media portfolios has heightened attention on scale, content libraries, direct-to-consumer distribution, and long-term positioning in an increasingly competitive streaming market. At the same time, major technology companies and diversified media firms continue to evaluate opportunities to strengthen their market positions through acquisitions, partnerships, and portfolio realignment.

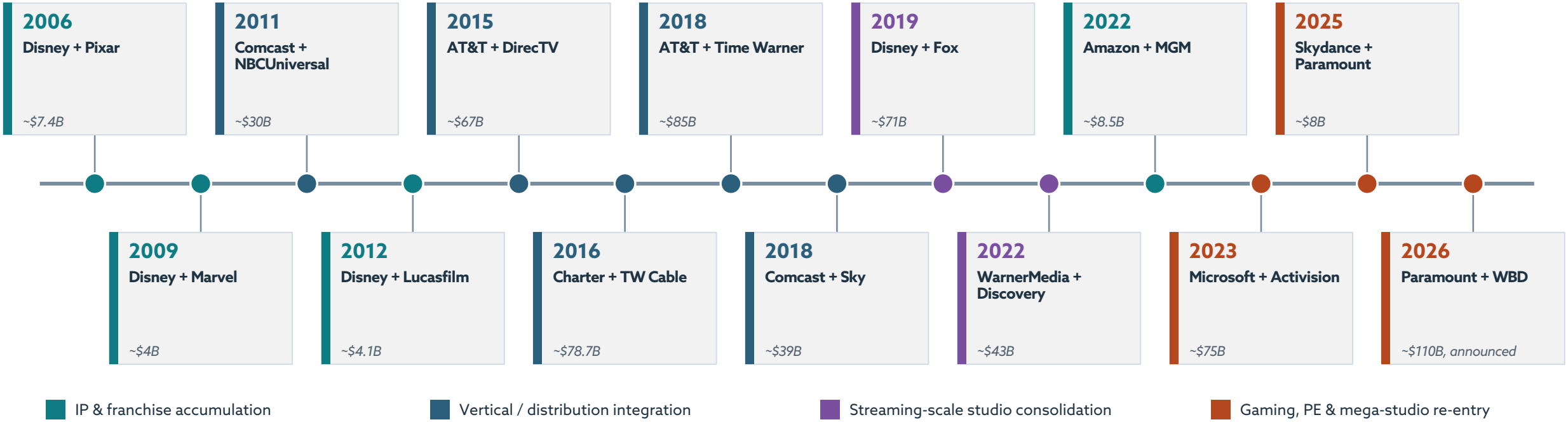
Strategic interest in the sector extends beyond streaming. Companies are increasingly focused on gaming, sports rights, intellectual property, broadcast assets, and other content-driven businesses that can support audience growth and diversification. Broadcast consolidation remains a significant theme as station groups seek greater scale to address audience fragmentation and shifting advertising markets. Meanwhile, advances in generative artificial intelligence are introducing new questions about content creation, distribution, and valuation, adding another layer of uncertainty to strategic decision-making.



Source: S&P Global Market Intelligence. Deal value on left axis, deal count on right axis.

Recent media consolidation shows that scale deals often produce workforce rationalization

The proposed transaction follows two decades of large media consolidation, including horizontal studio combinations, vertical distribution deals, IP acquisitions, and streaming-scale transactions. Several prior deals produced documented restructuring, layoffs, or business-unit closures. These precedents do not determine the outcome here, but they show why Los Angeles County should treat synergy targets as workforce-relevant.



Documented post-deal layoffs (selected):

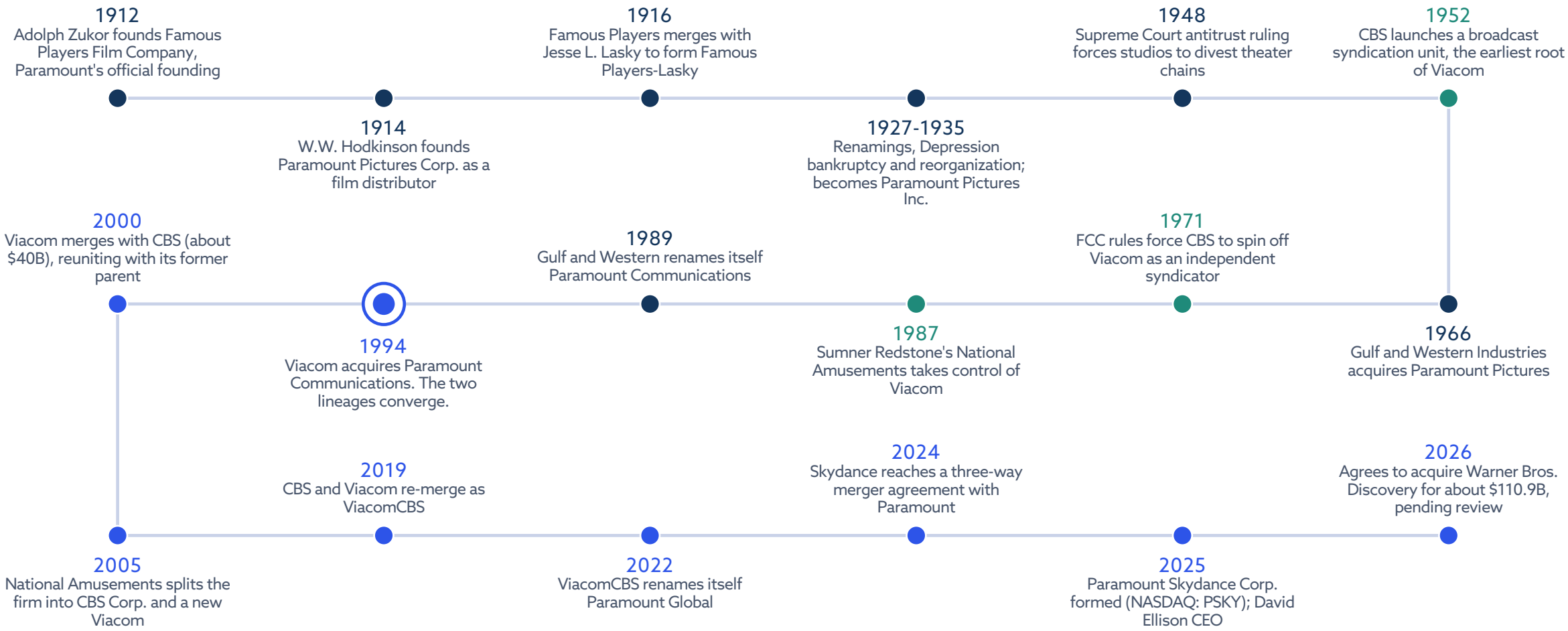
Disney + Fox: ~250 film-side roles by Aug 2019; Blue Sky Studios closed, 450, 2021 (Variety; Deadline).
AT&T + Time Warner / WarnerMedia: ~600 in Aug 2020 and more than 1,000 in Nov 2020 (Deadline; CNBC; AT&T did not confirm totals).
WarnerMedia + Discovery: up to $4.3B in restructuring charges and thousands of roles, 2022 (Warner Bros. Discovery Form 8-K, U.S. SEC).
Microsoft + Activision: 1,900 gaming roles, Jan 2024 (CNBC; Spencer memo first reported by The Verge).
Skydance + Paramount: ~2,000 U.S. roles, Oct 2025 (NBC News). Deal values from CVL transaction analysis; figures are reported unless tied to SEC filings.

02 Corporate baseline and enterprise operations

Paramount Skydance corporate evolution (1912-2026)

Paramount Pictures lineage
Viacom / CBS lineage
Combined company

Paramount Skydance reflects the convergence of three histories: the Paramount Pictures studio, the CBS and Viacom broadcasting and cable portfolio, and the 2025 Skydance-Paramount combination.


1912
Adolph Zukor founds Famous Players Film Company, Paramount's official founding
1914
W.W. Hodkinson founds Paramount Pictures Corp. as a film distributor
1916
Famous Players merges with Jesse L. Lasky to form Famous Players-Lasky
1927-1935
Renamings, Depression bankruptcy and reorganization; becomes Paramount Pictures Inc.
1948
Supreme Court antitrust ruling forces studios to divest theater chains
1952
CBS launches a broadcast syndication unit, the earliest root of Viacom
1966
Gulf and Western Industries acquires Paramount Pictures
1971
FCC rules force CBS to spin off Viacom as an independent syndicator
1987
Sumner Redstone's National Amusements takes control of Viacom
1989
Gulf and Western renames itself Paramount Communications
1994
Viacom acquires Paramount Communications. The two lineages converge.
2000
Viacom merges with CBS (about $40B), reuniting with its former parent
2005
National Amusements splits the firm into CBS Corp. and a new Viacom
2019
CBS and Viacom re-merge as ViacomCBS
2022
ViacomCBS renames itself Paramount Global
2024
Skydance reaches a three-way merger agreement with Paramount
2025
Paramount Skydance Corp. formed (NASDAQ: PSKY); David Ellison CEO
2026
Agrees to acquire Warner Bros. Discovery for about $110.9B, pending review

Paramount Skydance reporting segments

Three reporting segments replace the prior structure, first reported in the Form 10-Q for Q1 2026.

01 Studios

Content creation — film & television production

Former Filmed Entertainment + TV Media studio operations

FILM & ANIMATION

- Paramount Pictures
- Paramount Players
- Paramount Animation
- Nickelodeon Studio
- Miramax
- Skydance[1]

TELEVISION STUDIOS

- CBS Studios
- Paramount TV Studios
- CBS Media Ventures

02 Direct-to-Consumer

Pay & free streaming services

Unchanged from prior structure

STREAMING PLATFORMS

- Paramount+
- Pluto TV
- BET+

03 TV Media

Broadcast, cable networks & digital

Networks retained after studios move to Studios

BROADCAST

- CBS Network
- CBS Stations
- Network 10
- Channel 5

CABLE NETWORKS

- Showtime[2]
- MTV
- Comedy Central
- Paramount Network
- Smithsonian
- Nickelodeon
- BET Media Group
- CBS Sports Net.

DIGITAL

- CBS News 24/7
- CBS Sports HQ

[1] Skydance animation, interactive/games and sports divisions. [2] Distributed as "Paramount+ with Showtime." Excludes Telefe (Argentina) and Chilevisión (Chile), divested Oct. 2025 and Jan. 2026. | Source: Company reporting-structure disclosure.

Paramount Skydance physical properties

Two metros dominate the footprint: New York accounts for approximately 50 percent of the disclosed space, while Greater Los Angeles accounts for approximately 44 percent.

Owned
Leased
□ area = square footage

NEW YORK METRO 3.04M SF · 50%

1515 Broadway
Corporate HQ + studios
1.60M
LEASE · 2031

CBS Broadcast Center
W 57th St · 3.7 ac
860K
OWNED

Bayonne, NJ
Studio lot (planned)
285K sq ft
LEASE · ~12 yr

555 W 57th St
185K sq ft
LEASE · 2029

Cloud Control Ctr
112K sq ft
OWNED

GREATER LOS ANGELES 2.65M SF · 44%

Paramount Pictures lot
5555 Melrose · 62 ac
1.85M
OWNED

Santa Monica
Olympic Blvd
270K sq ft
LEASE · 2034

1575 N Gower St
210K sq ft
LEASE · 2028

Burbank
180K sq ft
LEASE · 2036

Radford Lot
137K sq ft
LEASE · 2031

INTERNATIONAL 341K · 6%

London 148K · OWNED
Sydney 118K · LEASE · 2033
Madrid 75K · LEASE · 2028

6.03M
sq ft across 13 properties

49 / 51
owned vs leased, by area

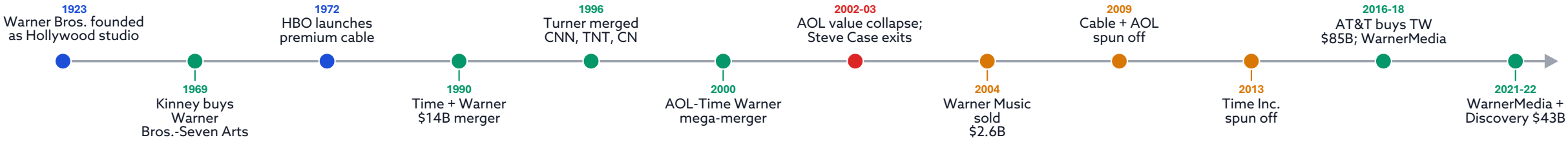
2 campuses
Paramount lot + 1515 Broadway = 57%

3 metros
NY 50% · LA 44% · Intl 6%

Source: Paramount Skydance Form 10-K

Warner Bros. Discovery: Corporate Evolution (1923-2026)

Warner Bros. Discovery has already been reshaped by repeated merger cycles. The proposed Paramount Skydance transaction would be another major restructuring event for an enterprise already shaped by AT&T, Discovery, and prior separation planning.



Jun-Nov 2025 — Sale perimeter forms

Jun 9: WBD announces split between studios/streaming and cable assets.

Oct 21-Nov 21: Board rejects Paramount Skydance at ~$60B / $24 per share; reports suggest WBD wants $30 per share; preliminary bids arrive from Paramount Skydance, Comcast, and Netflix.

Dec 2025 — Bidding war escalates

Dec 1-5: Second-round bids received; Paramount alleges unfair process; Netflix enters exclusive talks and agrees to buy studios + streaming for $72B / $27.75 per share.

Dec 9-23: Paramount launches hostile $108.4B / $30 per share bid; WBD rejects; Paramount adds Larry Ellison personal guarantee.

Jan 2026 — Litigation and tender fight

Jan 7-12: WBD rejects Paramount's amended hostile bid; Paramount sues to force disclosure and plans director nominations.

Jan 20-22: Netflix converts to all-cash $82.7B purchase price; WBD board approves unanimously; Paramount extends tender offer to Feb. 20.

Feb 2026 — Final auction mechanics

Feb 3-17: Senate hearing examines Netflix-WBD competition effects; Trump says he will stay out; Paramount adds $0.25/share quarterly ticking fee and offers to fund $2.8B Netflix termination fee; WBD asks for a better deal.

Feb 24-27: Paramount raises to $31/share; Netflix refuses to raise; Paramount pays termination fee.

Feb-Apr 2026 — Agreement and vote

Feb 27: WBD enters agreement to be acquired by Paramount Skydance.

$81B

equity value

Expected close: Q3 2026

Apr 23: WBD shareholders approve merger; advisory vote opposes deal-tied executive compensation.

Warner Bros. Discovery reporting segments

Warner Bros. Discovery's operating structure overlaps with Paramount across studios, streaming, and linear networks.

01 Streaming

Premium pay-TV & streaming

Ad-lite and ad-free tiers offered

STREAMING SERVICES

- HBO Max
- discovery+

PREMIUM PAY-TV & SPORTS

- HBO
- PREMIUM SPORTS

02 Studios

Film & television production, games, and licensing

Warner Bros. and DC content engine

FILM & DC (WBMPG)

- Warner Bros. Pictures
- New Line Cinema
- DC Studios
- WB PICTURES ANIMATION

TELEVISION (WBTVG)

- Cartoon Network Studios
- Hanna-Barbera
- WB TELEVISION
- WB UNSCRIPTED

GAMES, HOME & EXPERIENCES

- WB Games
- Home Entertainment
- GLOBAL EXPERIENCES
- CONTENT SALES

03 Global Linear Networks

Domestic & international TV, news, and sports networks

Entertainment, news, and global sports portfolios

U.S. ENTERTAINMENT & LIFESTYLE

- TNT
- TBS
- Turner Classic
- OWN
- HGTV
- Food Network
- TLC
- Discovery
- Adult Swim

NEWS

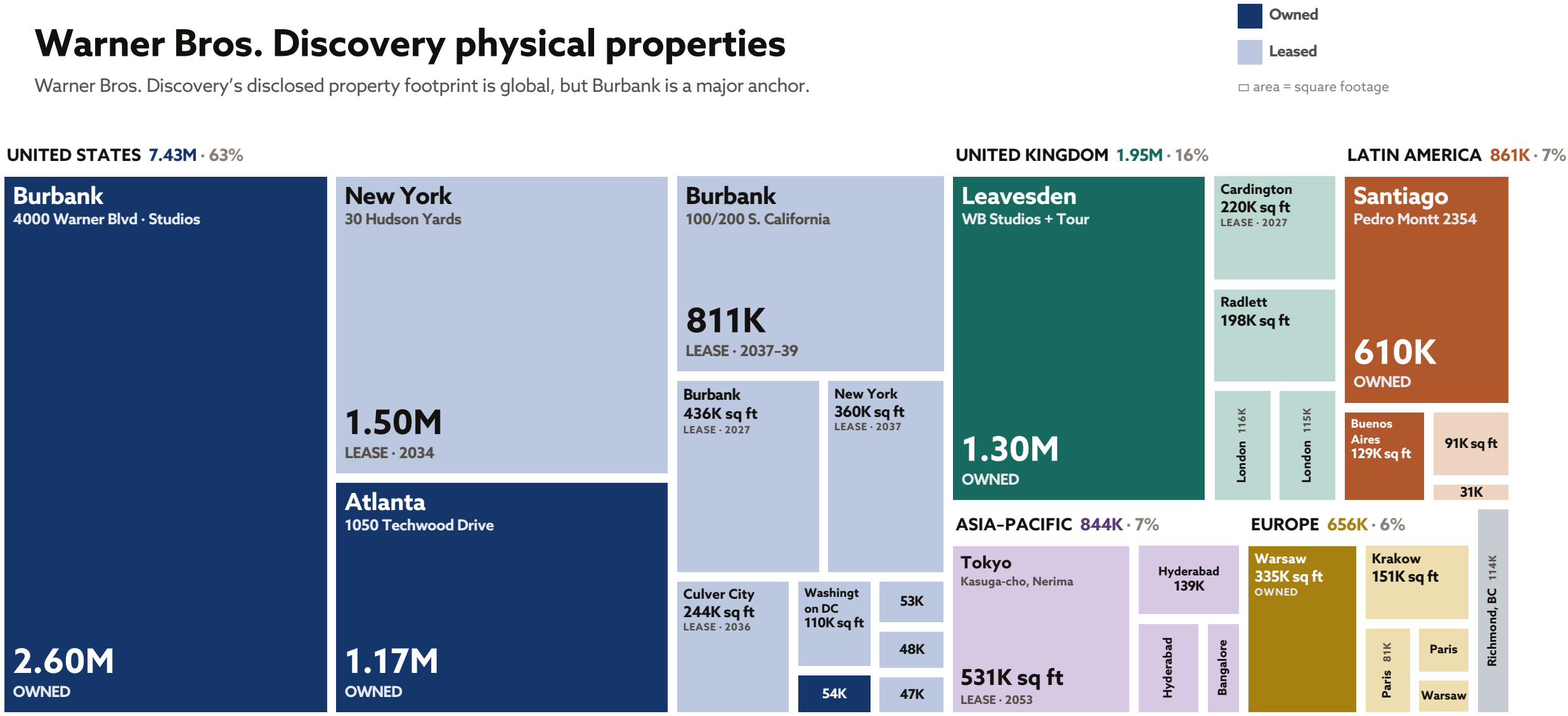
- CNN

GLOBAL SPORTS

- TNT Sports
- Eurosport
- Bleacher Report

Warner Bros. Discovery physical properties

Warner Bros. Discovery's disclosed property footprint is global, but Burbank is a major anchor.



11.9M
sq ft across 31 principal sites

52 / 48
owned vs leased, by area

63%
of the space is in the United States

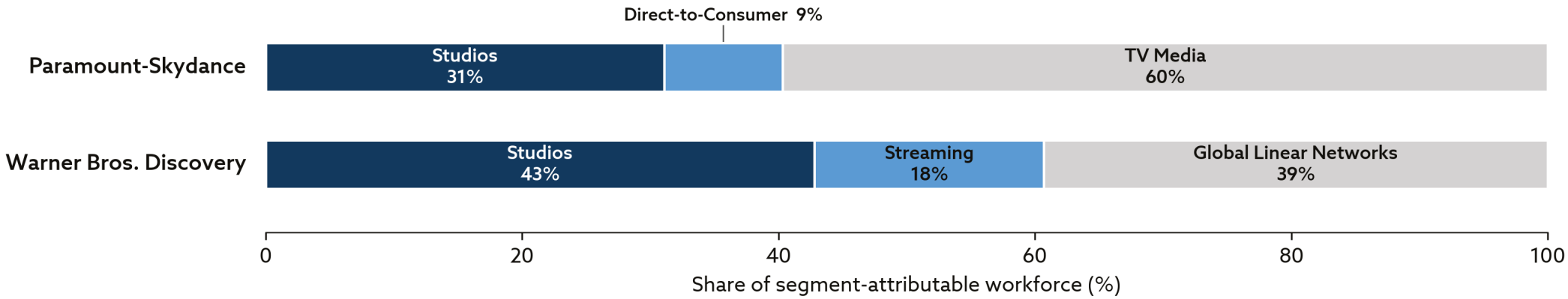
10 countries
on 4 continents · Burbank = 32%

Source: Warner Bros. Discovery Form 10-K.

The combined enterprise is not one workforce, but several overlapping business systems

Large diversified media companies are not organized around a single workforce. Rather, they comprise a collection of interconnected business segments and occupational ecosystems spanning legacy television, studio production, and direct-to-consumer platforms. Paramount Skydance's workforce composition reflects its mix of broadcast television, cable networks, streaming platforms, and studio operations. Warner Bros. Discovery exhibits a more studio- and linear network-intensive profile, consistent with its extensive portfolio of film, television, gaming, premium entertainment, news, and cable network assets.

Divisional composition of each workforce



Source: CVL Economics workforce benchmarking analysis; data reflect anonymized, aggregated professional profiles across select geographies.

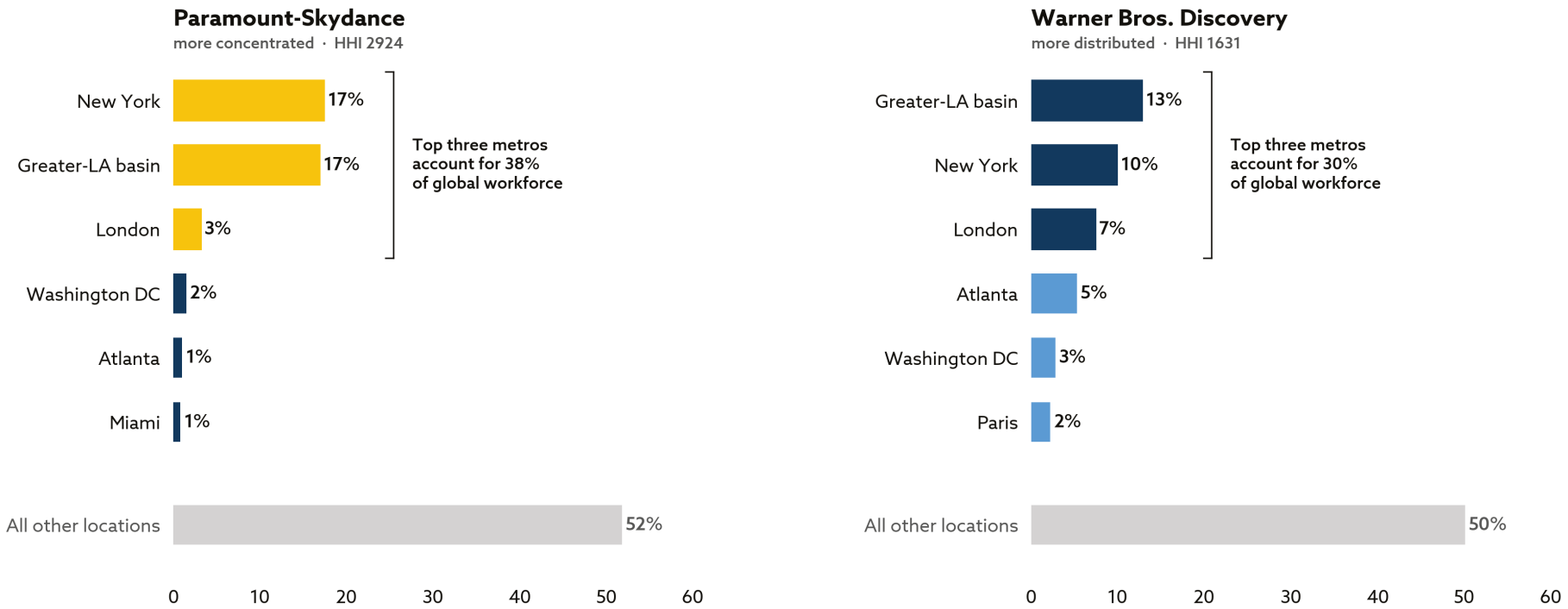
Los Angeles is central to studio work, but not to every enterprise function

The companies' enterprise and commercial workforce is geographically distributed. Los Angeles is a primary hub for studio and production-related activity. Other functions, including news, sports, streaming technology, linear-network operations, distribution, and international activity, are spread across New York, Atlanta, Washington, London, Paris, and other locations.

Los Angeles County exposure is concentrated in studio and production-adjacent functions, not in every part of the combined enterprise.

Where each global workforce sits: a few metros, then a long tail

Leading metro areas and all remaining locations, as a share of the total global workforce.



Source: CVL Economics workforce benchmarking analysis; data reflect anonymized, aggregated professional profiles across select geographies.

Studio-related employment concentration

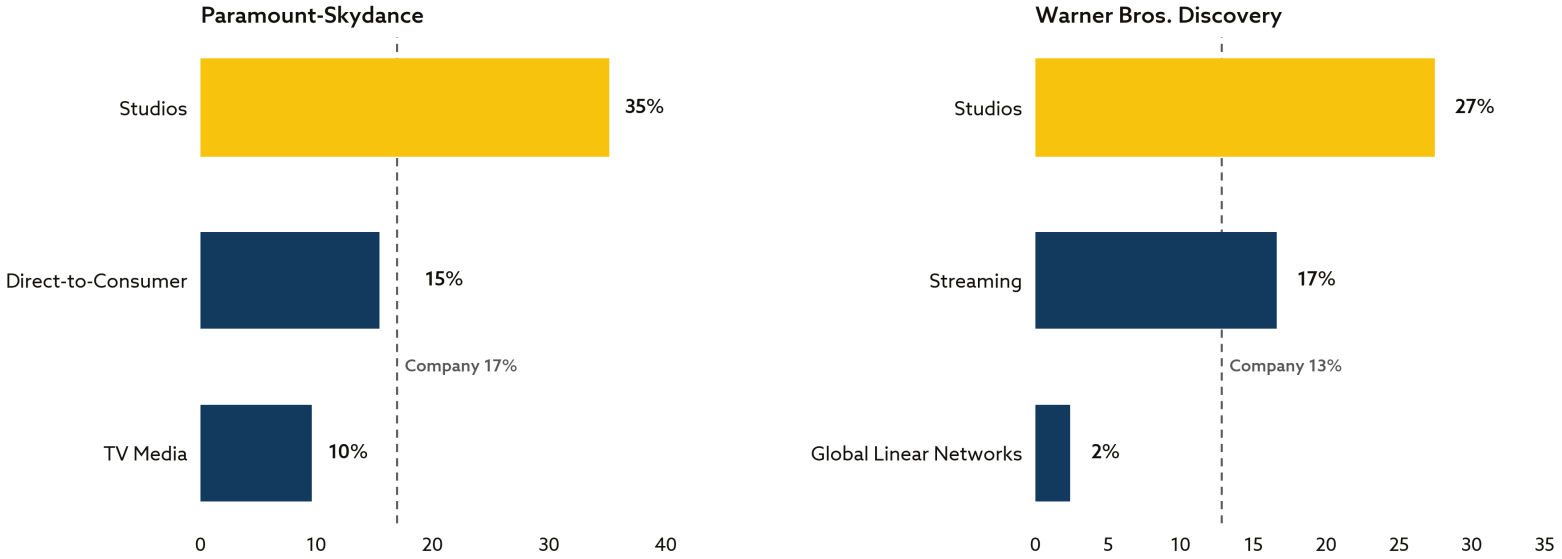
Studio-related work is the clearest Los Angeles concentration in the proposed transaction.

For Paramount Skydance, the relevant studio universe includes Paramount Pictures, CBS Studios, Paramount Television Studios, Nickelodeon Animation, Miramax, Skydance film, animation, television, games, and related studio operations.

For Warner Bros. Discovery, the relevant studio universe includes Warner Bros. Pictures, New Line, DC Studios, Warner Bros. Television, unscripted television, animation, games, consumer products, licensing, home entertainment, and studio operations.
This concentration makes Los Angeles County the key local geography for studio-overhead and production-adjacent exposure.

Los Angeles concentration is a Studios story, not a company story

Greater-LA basin share of workforce, by reportable segment.



Source: CVL Economics workforce benchmarking analysis; data reflect anonymized, aggregated professional profiles across select geographies.

Management has identified corporate overhead, technology, real estate, and procurement as savings categories

Management has publicly acknowledged that the combined company will rationalize corporate overhead.

It has also identified several non-labor or mixed labor-and-non-labor savings categories, including streaming technology stacks, cloud infrastructure, real estate footprint, procurement, and broader operating efficiencies.

For Los Angeles County, the relevant point is that several stated synergy categories map directly onto local enterprise functions and facilities.

Julia Boorstin:
And in terms of that $6 billion in synergies, there's a lot of concern here in Hollywood, and there's been a lot of talk about how many layoffs might be part of that. Can you give us a sense of how much you're planning to eliminate jobs at a time when you can rely on technology to replace a lot of functions?

David Ellison:
So, look, we will absolutely have to rationalize the overall **corporate overhead** of the company. But that's not the primary driver of the synergies in the deal.

Just when you look at it, we're going to bring HBO Max and Paramount Plus together. That will **rationalize the tech stacks**. There's incredible savings there as well as in our cloud rationalization.

We're going to rationalize the real estate footprint of both of these companies. We're not going to sell either lot. Those are iconic, and we are going to absolutely hold on to those.

And look, another example that was not talked about is really **procurement.** When we originally signed the deal basically to acquire Paramount, it was estimated at 50 to 100 million in procurement savings. The reality is it's well in excess of five times that.

Paramount Skydance Corporation. (2026, March 5). CNBC: David Ellison interview transcript [Schedule 14A, Soliciting Material under Rule 14a-12, Subject Company: Warner Bros. Discovery, Inc., File No. 001-34177]. U.S. Securities and Exchange Commission EDGAR.

Film studios

Paramount Pictures and Warner Bros. Pictures are both major theatrical studios with domestic and international distribution infrastructure. A combined entity would likely preserve major film brands and IP assets, but duplicated distribution, marketing, label management, animation infrastructure, and studio support functions are more exposed to consolidation. The workforce risk is therefore less about eliminating film output and more about reducing duplicated studio infrastructure.

BUSINESS LINE	PARAMOUNT SKYDANCE	WARNER BROS. DISCOVERY	MERGER IMPLICATION
■ DIRECT OVERLAP **Major Film Studio**	Paramount Pictures	Warner Bros. Pictures	Two of six remaining major studios; combined would release ~25-30 wide films/yr. Historically WB released 17-19/yr, Paramount 8-13/yr.
■ PARTIAL OVERLAP **Specialty / Indie Film Labels**	Paramount Vantage (dormant); Miramax library rights	New Line Cinema; Warner Bros. Pictures (genre); Castle Rock Entertainment	New Line is active; Paramount specialty labels largely dormant. Combined entity may consolidate under fewer labels.
■ DIRECT OVERLAP **Animation Studio (Film)**	Paramount Animation	Warner Bros. Animation (features)	Both produce animated theatrical features. WB has stronger recent track record.
■ DIRECT OVERLAP **Film Distribution (Domestic)**	Paramount domestic theatrical distribution	Warner Bros. domestic theatrical distribution	Clear redundancy; one distribution arm likely eliminated. Major cost synergy target.
■ DIRECT OVERLAP **Film Distribution (International)**	Paramount international distribution	Warner Bros. international distribution	Parallel global distribution offices in most major territories.

Scripted TV studios

Both companies operate major scripted, unscripted, animation, and television-production businesses. The overlap is material across CBS Studios, Paramount Television Studios, Warner Bros. Television, HBO originals, Warner Bros. Unscripted, Discovery programming, Nickelodeon, Cartoon Network, and related production labels. Enterprise functions tied to development, business affairs, distribution, marketing, and studio management are more directly exposed to merger synergies. Production crews are exposed only if commissioning, renewals, season length, or local production capture decline.

BUSINESS LINE	PARAMOUNT SKYDANCE	WARNER BROS. DISCOVERY	MERGER IMPLICATION
■ DIRECT OVERLAP **Scripted TV Production Studio**	CBS Studios; Paramount Television Studios	Warner Bros. Television (WBTV); HBO original production	Both are major suppliers of scripted content to broadcast, cable, and streaming. Combined would be largest TV supplier.
■ DIRECT OVERLAP **Unscripted / Reality TV**	CBS Media Ventures (game shows, syndication); MTV Entertainment Studios	Warner Bros. Unscripted TV; Discovery content production; Warner Horizon	Discovery brings massive unscripted library (HGTV, Food Network, TLC originals). Paramount has MTV/VH1 unscripted.
■ DIRECT OVERLAP **Kids / Youth Animation Studio**	Nickelodeon Animation Studio; Nickelodeon Studios	Cartoon Network Studios; Warner Bros. Animation (series)	Direct overlap in children's animated series production. Both own iconic kids IP (SpongeBob vs. Looney Tunes, Scooby-Doo).
■ PARTIAL OVERLAP **Late Night / Talk / News Programming**	CBS News (60 Minutes, CBS Evening News, CBS Mornings); Entertainment Tonight	CNN; HLN (legacy); CNN Digital	CBS News and CNN are both major TV news operations. Different positioning (broadcast vs. cable) but overlapping functions.

Streaming and direct-to-consumer

Paramount+ and HBO Max create direct overlap in streaming infrastructure, product management, technology, content operations, subscriber acquisition, analytics, ad-supported tiers, and customer operations. A combined platform could improve scale and reduce duplicated technology costs. It could also place technology, product, marketing, and operations roles under consolidation pressure. The local impact depends on where these teams are located and which functions are retained, integrated, outsourced, or automated.

BUSINESS LINE	PARAMOUNT SKYDANCE	WARNER BROS. DISCOVERY	MERGER IMPLICATION
■ DIRECT OVERLAP **Premium Subscription Streaming (SVOD)**	Paramount+ (~79M global subscribers as of deal announcement)	Max / HBO Max (~128M global subscribers)	Core horizontal overlap. Combined ~200M+ global subs. US market shares: Paramount+ ~13%, HBO Max ~13%. Antitrust focus area.
■ UNIQUE **Free Ad-Supported Streaming (FAST)**	Pluto TV (global FAST leader)	No direct equivalent at scale	Pluto TV is a differentiated asset; WBD lacks a comparable FAST platform. Complementary rather than duplicative.
■ DIRECT OVERLAP **Streaming Technology / Platform**	Paramount Streaming tech stack	Max tech stack (built on HBO Max infrastructure)	Parallel engineering, product, UX, data/analytics, and ad-tech teams. Major cost synergy opportunity.

Linear TV networks

Some assets are unique, including CBS broadcast and CNN. Others overlap more directly, including general entertainment cable, kids networks, ad sales, scheduling, programming operations, and network support functions. Because linear networks remain economically important while audience levels decline, management has an incentive to preserve cash generation while reducing duplicated infrastructure.

BUSINESS LINE	PARAMOUNT SKYDANCE	WARNER BROS. DISCOVERY	MERGER IMPLICATION
■ UNIQUE **Broadcast Network**	CBS (owned-and-operated stations + affiliates)	None (CW was sold in 2022)	CBS is the #1 rated broadcast network. WBD exited broadcast. Unique Paramount asset with ~$2B ad revenue.
■ DIRECT OVERLAP **Cable Entertainment Networks**	MTV; Comedy Central; Paramount Network; TV Land; CMT; VH1; Logo	TNT; TBS; truTV; TLC; OWN (partial)	Significant overlap in general entertainment cable channels. Both portfolios face secular cord-cutting decline.
■ UNIQUE **Cable News Networks**	None at scale	CNN; HLN	CNN is unique to WBD. No Paramount equivalent (CBS News is broadcast, not cable).
■ DIRECT OVERLAP **Cable Kids Networks**	Nickelodeon; Nick Jr.; NickToons; TeenNick	Cartoon Network; Boomerang; Discovery Kids (intl)	Two of the three major kids cable brands (with Disney). Direct audience overlap.
■ COMPLEMENTARY **Cable Factual / Lifestyle Networks**	Smithsonian Channel (JV)	Discovery Channel; Animal Planet; Science Channel; HGTV; Food Network; TLC; Investigation...	WBD's factual/lifestyle portfolio is vastly larger. Paramount has minimal presence here. Complementary.
■ PARTIAL OVERLAP **Sports Networks / Rights**	CBS Sports (NFL, NCAA, golf, soccer); Paramount+ sports	TNT Sports (NBA through 2024-25; NHL; NCAA; AEW wrestling); Bleacher Report	Both hold major sports rights. NBA rights shifting. Combined entity gains negotiating leverage but also cost exposure.
■ PARTIAL OVERLAP **International Free-to-Air / Pay-TV**	Channel 5 (UK); Network 10 (Australia); Telefe (Argentina); Chilevisión; international...	Eurosport; Discovery international channels; HBO international; TNT Sports (intl)...	Both have international linear TV footprints. Some territory overlap, but portfolios are largely complementary by genre.

Content libraries and IP

Paramount and Warner Bros. Discovery both hold large film, television, and franchise libraries. A combined library could improve streaming retention, licensing revenue, franchise development, and bargaining power with distributors and advertisers.

BUSINESS LINE	PARAMOUNT SKYDANCE	WARNER BROS. DISCOVERY	MERGER IMPLICATION
■ BOTH HOLD SCALE **Film Library**	Paramount Pictures library (Godfather, Top Gun, Indiana Jones, Transformers, Mission:...	Warner Bros. library (Harry Potter, DC, Lord of the Rings, Batman, Matrix, etc.); HBO Films...	Combined library would be among the largest in the industry. Major value for streaming content supply and licensing revenue.
■ BOTH HOLD SCALE **TV Library**	CBS library (NCIS, CSI, Star Trek, etc.); MTV/VH1/BET libraries; Nickelodeon library	HBO library (Sopranos, Game of Thrones, etc.); WBTV library (Friends, Big Bang Theory...	Enormous combined TV library across prestige (HBO), procedural (CBS), kids (Nick), and unscripted (Discovery).
■ BOTH HOLD SCALE **Franchise / Character IP**	SpongeBob; Dora; PAW Patrol; Teenage Mutant Ninja Turtles; Star Trek; Mission: Impossible...	DC Comics (Batman, Superman, Wonder Woman); Harry Potter/Wizarding World; Looney Tunes...	Combined franchise portfolio spans kids, action, sci-fi, fantasy, and prestige. DC alone is a differentiated asset.

Real estate and production facilities

The combined company would control major studio and office assets in Los Angeles County, including the Paramount lot and Warner Bros. Burbank facilities. Management has said it does not intend to sell either lot, which suggests these assets remain strategic. The more likely local risk is not immediate studio-lot disposition. It is rationalization of leased office space, facilities support, production services, real estate management, and duplicated overhead.

BUSINESS LINE	PARAMOUNT SKYDANCE	WARNER BROS. DISCOVERY	MERGER IMPLICATION
■ DIRECT OVERLAP **Primary Studio Lot (LA)**	Paramount Studios lot, 65 acres, Melrose Ave, Hollywood	Warner Bros. Studios, Burbank main lot (~140 acres incl. Ranch)	Two of the last major studio lots in LA. Combined ~12M sq ft of real estate. Both have soundstages, backlots, post-production.
■ DIRECT OVERLAP **Additional Soundstages / Facilities**	Paramount owns 14 properties totaling ~2.1M sq ft (per CoStar)	Warner Bros. owns 14 properties totaling ~9.5M sq ft globally; Leavesden Studios (UK)...	Major real estate duplication. Both have ~30+ soundstages. Consolidation could reduce costs but affect local employment.
■ UNIQUE **Prominent NYC Properties**	Ed Sullivan Theater (Broadway); CBS Broadcast Center (524 W 57th St); 1515 Broadway offices	None of comparable scale in NYC	Paramount holds iconic NYC broadcast/office real estate. CBS Broadcast Center and Ed Sullivan Theater are distinctive assets.
■ COMPLEMENTARY **International Production Facilities**	Limited owned international facilities	Leavesden Studios (UK, ~1.5M sq ft, Harry Potter home); international offices	WBD's Leavesden is a world-class facility. Paramount relies more on third-party international stages.

Advertising sales, distribution, and licensing

The companies operate overlapping national ad sales, streaming ad sales, home entertainment, domestic licensing, international licensing, and theatrical distribution functions. These are enterprise and commercial operations, not project-based production roles. Because they are duplicated across the two companies, they are likely to be scrutinized early in integration planning.

BUSINESS LINE	PARAMOUNT SKYDANCE	WARNER BROS. DISCOVERY	MERGER IMPLICATION
■ DIRECT OVERLAP **Linear TV Ad Sales**	Paramount Advertising (CBS, MTV, Nickelodeon, Comedy Central, etc.)	Warner Bros. Discovery Ad Sales (CNN, TNT, TBS, Discovery networks, etc.)	Both operate full-scale national ad sales organizations selling linear inventory. Clear consolidation target.
■ DIRECT OVERLAP **Digital / Streaming Ad Sales**	Paramount+ ad tier; Pluto TV ad sales; EyeQ (Paramount digital ad platform)	Max ad tier; Discovery digital	Parallel digital/CTV ad sales teams and tech platforms. Combined would create larger ad inventory pool.

BUSINESS LINE	PARAMOUNT SKYDANCE	WARNER BROS. DISCOVERY	MERGER IMPLICATION
■ DIRECT OVERLAP **Home Entertainment (Physical/Digital)**	Paramount Home Entertainment	Warner Bros. Home Entertainment	Both distribute physical media (Blu-ray/DVD) and digital sell-through. Declining business but still generates revenue.
■ DIRECT OVERLAP **TV Content Licensing (Domestic)**	CBS Media Ventures; Paramount domestic TV distribution	Warner Bros. Domestic Television Distribution	Both license TV content to third parties. Combined entity gains pricing leverage but may face antitrust scrutiny.
■ DIRECT OVERLAP **TV Content Licensing (International)**	Paramount international TV distribution	Warner Bros. International Television Distribution	Parallel international content sales offices in major markets.
■ DIRECT OVERLAP **Theatrical Distribution**	Paramount theatrical distribution	Warner Bros. theatrical distribution	Redundant global theatrical distribution infrastructure.

Consumer products and experiences

Consumer-products overlap is real, but it is less central to Los Angeles County workforce exposure. Both companies operate global consumer-products and licensing businesses tied to major character and franchise IP. The combined portfolio could create growth opportunities in licensing, merchandise, games, and location-based entertainment.

BUSINESS LINE	PARAMOUNT SKYDANCE	WARNER BROS. DISCOVERY	MERGER IMPLICATION
■ DIRECT OVERLAP **Consumer Products / Licensing**	Paramount Consumer Products (SpongeBob, PAW Patrol, TMNT, Star Trek merch)	Warner Bros. Consumer Products (DC, Harry Potter, Looney Tunes merch)	Both run global licensing operations for character merchandise, apparel, toys, publishing.
■ PARTIAL OVERLAP **Theme Parks / Location-Based**	Paramount licensing deals for international parks (limited)	Warner Bros. World Abu Dhabi; WB Studio Tours (London, Hollywood); DC Universe experiences	WBD has more developed location-based entertainment. Combined IP portfolio could expand theme park opportunities.
■ COMPLEMENTARY **Gaming / Interactive**	Limited gaming presence	WB Games (Hogwarts Legacy, Mortal Kombat, Gotham Knights, MultiVersus)	WB Games is a significant interactive entertainment division. Paramount has minimal comparable gaming operations.

Support functions

Both companies maintain full corporate and business-unit support functions, including leadership, finance, accounting, legal, business affairs, technology, HR, communications, marketing, planning, and strategy. These functions are standard targets for merger integration because a combined entity does not require every role in duplicate.

BUSINESS LINE	PARAMOUNT SKYDANCE	WARNER BROS. DISCOVERY	MERGER IMPLICATION
■ DIRECT OVERLAP **C-Suite / Executive Leadership**	CEO, CFO, CLO, CTO, CHRO, etc.	CEO, CFO, CLO, CTO, CHRO, etc.	Full duplication of senior executive roles. Major leadership consolidation required.
■ DIRECT OVERLAP **Finance / Accounting**	Paramount finance, FP&A, accounting, tax, treasury	WBD finance, FP&A, accounting, tax, treasury	Complete functional overlap. Standard merger synergy target.
■ DIRECT OVERLAP **Legal / Business Affairs**	Paramount legal, business affairs, rights management	WBD legal, business affairs, rights management	Duplicated legal departments, business affairs teams, contract management.
■ DIRECT OVERLAP **Technology / IT**	Paramount Technology (enterprise IT, content tech, streaming tech)	WBD Technology (enterprise IT, content tech, Max tech stack)	Parallel IT infrastructure, cybersecurity, enterprise systems, content management platforms.
■ DIRECT OVERLAP **Human Resources**	Paramount HR, talent acquisition, L&D	WBD HR, talent acquisition, L&D	Standard corporate function duplication.
■ DIRECT OVERLAP **Communications / PR**	Paramount corporate communications, publicity	WBD corporate communications, publicity	Duplicated corporate PR, film/TV publicity, crisis communications teams.
■ DIRECT OVERLAP **Marketing (Corporate & Brand)**	Paramount marketing, media planning, creative services	WBD marketing, media planning, creative services	Parallel marketing organizations at both corporate and business-unit levels.

03 Market performance and revenue pressure

Consumer demand remains significant, but the business model has shifted

The proposed transaction is occurring during a structural transition in filmed entertainment.

Streaming has changed how audiences consume content. Linear television audiences continue to decline. Theatrical releases remain important but operate in a more constrained post-pandemic market.

These conditions help explain why scale and operational efficiency have become central to media-company strategy.

A combined streaming platform would gain scale, but scale alone does not resolve profitability pressure

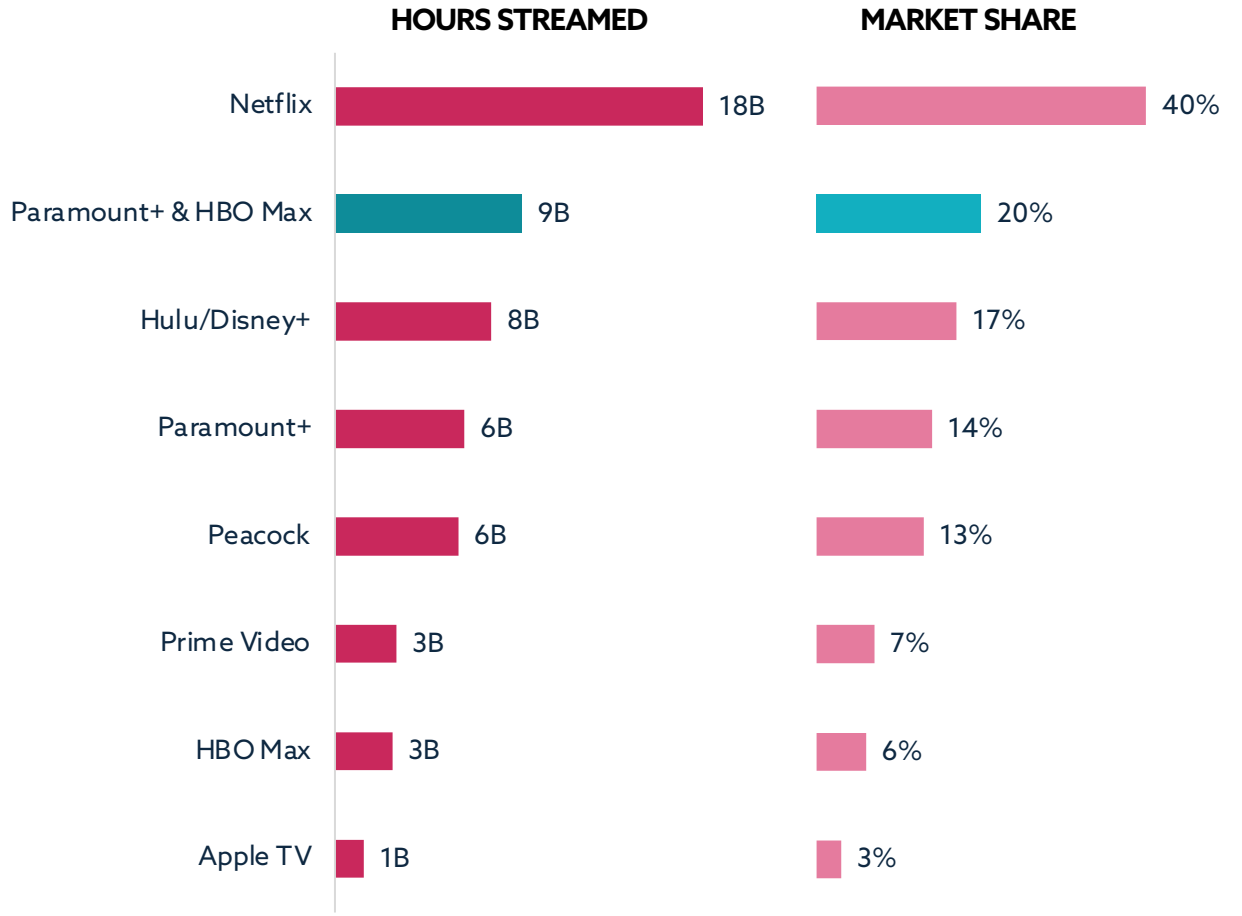
The rapid growth of subscription streaming services has fundamentally reshaped the media landscape over the past decade. As consumers continue to shift viewing away from traditional cable television and toward direct-to-consumer platforms, streaming providers have increasingly sought scale to support content investment, attract audiences, and compete in an increasingly crowded marketplace.

For both Paramount Global and Warner Bros. Discovery, streaming has become a central strategic priority. Paramount+ and HBO Max have each established sizeable subscriber bases and extensive content libraries, but neither platform individually approaches the scale of Netflix, which remains the industry's dominant streaming service. Together, however, the combined companies would control one of the largest streaming ecosystems in the market.

Recent viewing data indicate that a combined Paramount-Warner Bros. Discovery platform would command a substantial share of streaming engagement when accounting for both original streaming content and legacy television programming available through each company's direct-to-consumer services. Combined viewing data suggest that a Paramount-WBD streaming platform would represent roughly one-fifth of measured U.S. streaming engagement among the platforms shown.

This scale argument has been a central theme advanced by merger proponents. Rather than operating two separate streaming businesses with overlapping infrastructure and content investments, a combined company could leverage a larger content library, broader audience reach, and greater operating efficiencies. In theory, this may strengthen the company's ability to compete for viewers, advertisers, and future content investments.

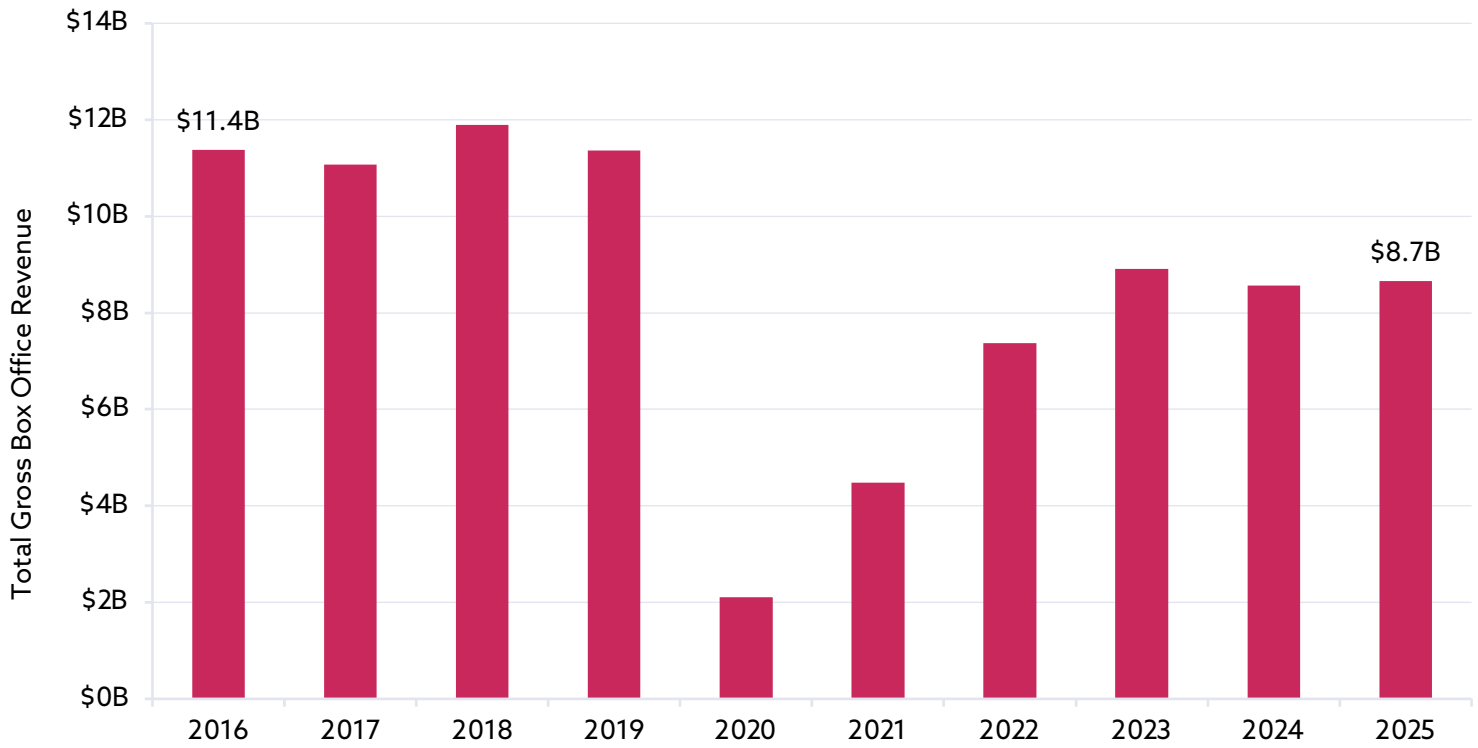
PLATFORM SHARE OF U.S. STREAMING FOR SVOD AND LINEAR NETWORK ORIGINALS
2025



Source: Luminate, CVL Economics.

The box office has recovered from pandemic lows, but remains below the pre-2020 baseline

TOTAL GROSS DOMESTIC BOX OFFICE REVENUE
2016 - 2025



Source: Box Office Mojo, CVL Economics.

The theatrical film market remains an important component of the entertainment industry despite significant changes in consumer viewing behavior over the past decade. While streaming platforms have become increasingly central to content distribution strategies, theatrical releases continue to serve as major revenue-generating events and play a critical role in franchise development, audience engagement, and broader content ecosystems.

Domestic box office revenues have stabilized at levels below pre-pandemic highs, reflecting a theatrical market that remains economically significant but operates within a more constrained environment than existed prior to 2020. Although theatrical exhibition has faced substantial disruption from shifting consumer preferences and the growth of direct-to-consumer streaming platforms, the market has demonstrated continued demand for major studio releases, particularly franchise and event-driven films.

This creates a narrower theatrical market: still valuable, but less forgiving of underperforming slates.

Management has committed publicly to substantial theatrical output

Paramount Skydance leadership has stated that, after the merger, the company would produce at least 30 films annually across the two studios.

That commitment matters for Los Angeles County because theatrical output can support high-value production, post-production, vendor, and union labor demand.

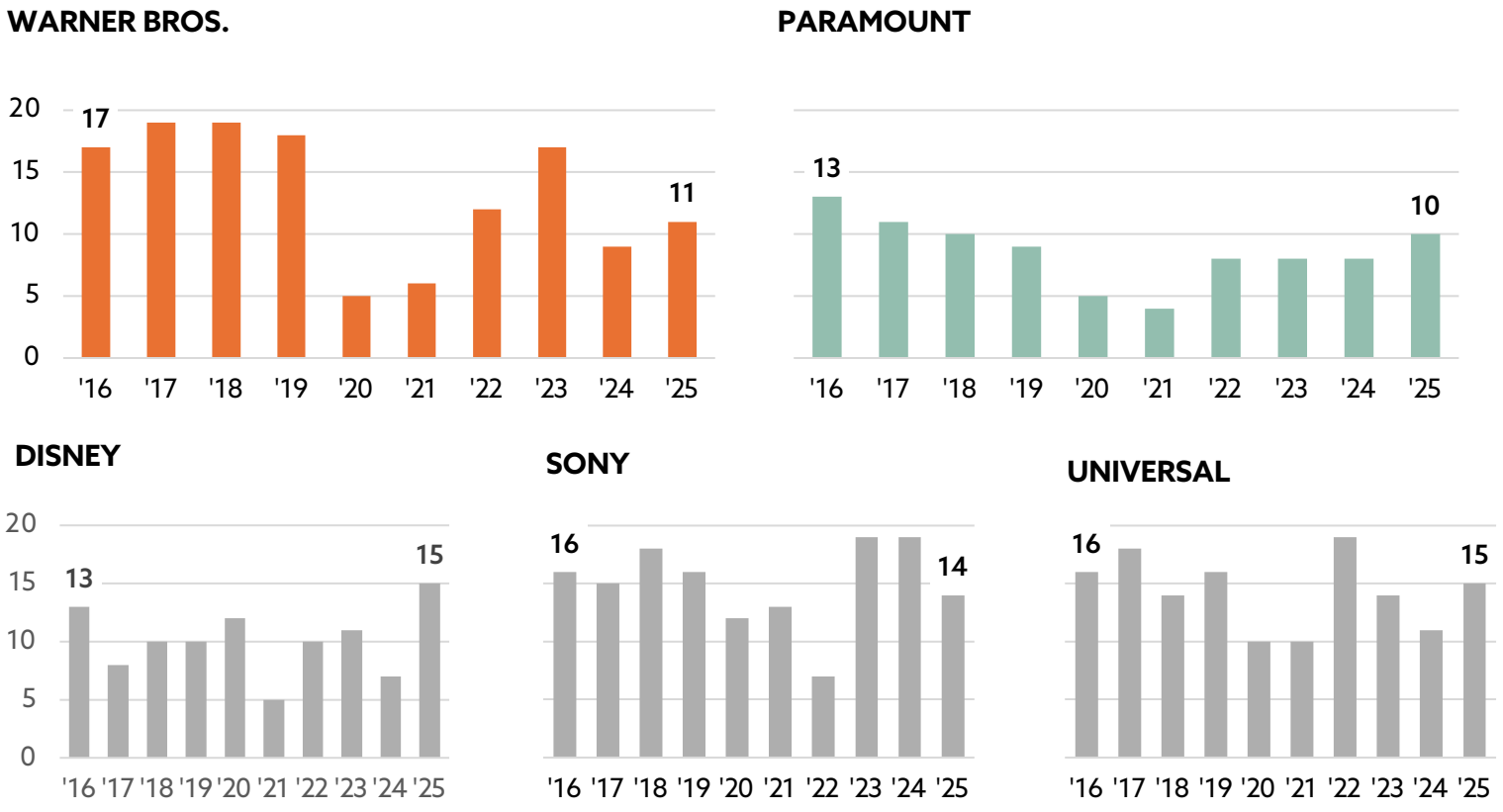
The commitment is not the same as a local production guarantee.

David Ellison:
I want to look each and every one of you in the eye and assure you that once we merge with Warner Bros., we will produce at least 30 films across both studios each year.

David Ellison, remarks at CinemaCon, Las Vegas, quoted in "Ellison Pledges at Least 30 Paramount-Warner Movies a Year," New York Times, April 16, 2026.

Recent release patterns support continued theatrical activity, but not necessarily local production

NUMBER OF WIDE THEATRICAL RELEASES
2016 - 2025



Source: Luminate, CVL Economics.

Consistent with these broader trends, major studios have maintained active theatrical release schedules in recent years.

Warner Bros. Discovery and Paramount continue to release approximately 10 to 11 wide theatrical films annually, while Disney, Universal, and Sony have similarly sustained relatively consistent release volumes.

This supports the view that theatrical distribution remains strategically important. It does not, by itself, indicate how much work will be produced in Los Angeles County.

Future release calendars indicate intent, not certainty

Current release calendars show substantial studio commitments through 2028. Warner Bros. has the largest number of dated future releases in the table, while Paramount shows a meaningful near-term slate that thins after 2028. Release calendars are useful directional evidence, but they change frequently as studios adjust strategy, production timelines, and market conditions.

Count of dated films per major studio, by release year

STUDIO	2026	2027	2028	2029	TOTAL
Warner Bros.	**10**	**21**	9	1	**41**
Universal	**16**	**12**	7	2	**37**
Disney	**10**	**10**	7	6	**33**
Sony	**16**	8	5	0	**29**
Paramount	**12**	9	4	0	**25**
Amazon MGM	7	4	0	0	**11**
Lionsgate	6	4	1	0	**11**

Majors only, films dated 2026-2029. Many slots are still untitled placeholders (e.g. “Untitled Marvel”).

WHAT THE CALENDAR TELLS US

- **Warner Bros.** Stakes the most future dates of any studio — 41 titles — front-loaded into 2027 (21) as it rebuilds its DC and event slate, with dated slots stretching to Dune: Part Three and beyond.
- **Paramount.** Commits heavily near-term, with 25 titles led by 12 in 2026, but its dated slate thins each year and goes dark after 2028.

Sources: The Numbers, FDA.

Major releases do not necessarily translate into California production spending

While theatrical releases represent a relatively small share of total content output, they account for a disproportionate share of production spending and workforce activity. Major studio films typically involve large crews, extensive vendor networks, significant post-production requirements, and substantial participation from unionized workers across multiple occupations.

From a workforce perspective, the location and scale of production activity may be more consequential than the number of titles released. This distinction is particularly relevant for Los Angeles County, where many of the occupations most directly tied to film production—including production crews, crafts, post-production specialists, and support services—have historically depended on large-scale studio projects.

Of the nineteen Paramount and Warner Bros. theatrical releases in 2025 reviewed, only one film (One Battle After Another) was principally filmed in California (in Eureka), while the remainder were produced across a range of domestic and international locations including Georgia, Louisiana, Ohio, New York, Canada, the United Kingdom, Norway, Bulgaria, New Zealand, France, and South Africa. While *The SpongeBob Movie: Search for SquarePants* included voice recording work in Burbank, animation took place in the Montreal studio. Even projects associated with California-based studios frequently utilized production incentives and lower-cost production environments outside the state.

This distinction is important when evaluating the potential workforce implications of industry consolidation. While theatrical films continue to represent significant production investments, the economic benefits associated with those projects do not necessarily accrue to Los Angeles County. The production patterns observed in the 2025 release slate suggest that much of the direct production spending associated with major theatrical releases is already occurring outside the region, reflecting broader industry trends toward geographically dispersed production.

PRINCIPAL PRODUCTION LOCATIONS OF THEATRICAL RELEASES
2025

	TITLE	PRINCIPAL PRODUCTION LOCATION(S)
PARAMOUNT	Regretting You	Georgia (USA)
	Alma and the Wolf	Oregon (USA)
	Vicious	Canada
	Novocaine	South Africa
	The Naked Gun	Georgia (USA)
	Smurfs	France, UK, Louisiana (USA)
	The SpongeBob Movie: Search for SquarePants	Canada, Los Angeles, California (USA)
	The Running Man	Bulgaria
	Mission: Impossible – The Final Reckoning	Norway
WARNER BROS.	Sinners	Louisiana (USA)
	One Battle After Another	Eureka, California (USA)
	Companion	New York (USA)
	Weapons	Georgia (USA)
	Superman	Ohio (USA)
	The Conjuring: Last Rites	UK
	The Alto Knights	Ohio (USA)
	Mickey 17	UK
	Final Destination: Bloodlines	Canada
	A Minecraft Movie	New Zealand

Source: Luminate, CVL Economics.

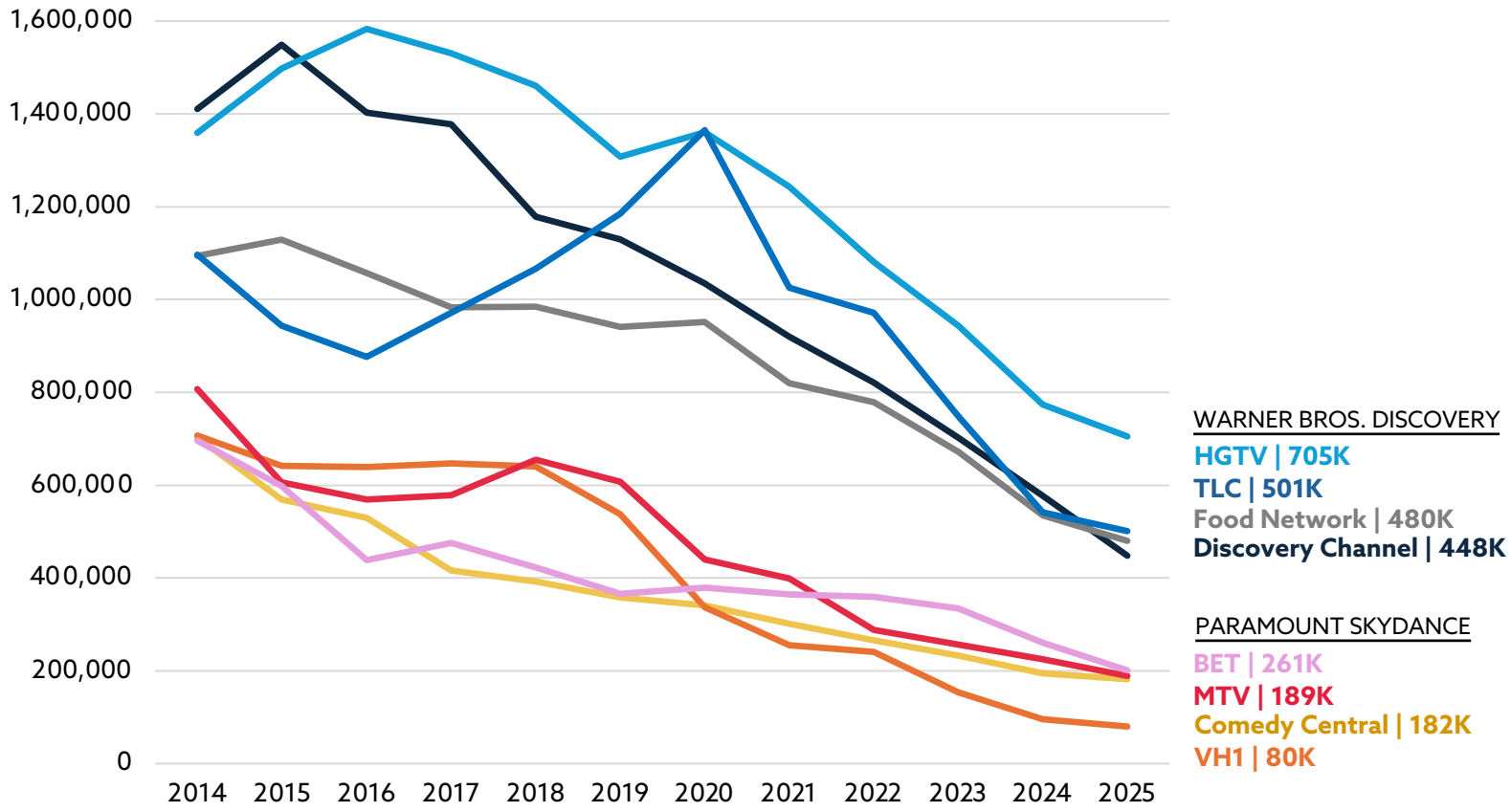
Cable audiences have declined sharply across both companies' legacy networks

While streaming services and theatrical releases often receive the greatest public attention, they represent only part of the entertainment ecosystem. Much of the industry's historical economic foundation has been built on television networks, which for decades served as major sources of audience reach, advertising revenue, and content commissioning. As consumer viewing habits have shifted toward streaming platforms, however, traditional television networks have experienced sustained audience declines, creating new challenges for media companies navigating the transition between legacy and emerging business models.

Several major cable networks owned by Paramount and Warner Bros. Discovery have lost substantial average viewership since 2014. Warner Bros. Discovery's HGTV, TLC, Food Network, and Discovery Channel all experienced meaningful declines over the period, while Paramount-owned networks including BET, MTV, Comedy Central, and VH1 saw even steeper viewership declines. By 2025, average viewership for several formerly prominent cable brands had fallen to a fraction of their historical levels.

This matters because linear television remains a major revenue source even as audiences migrate toward streaming and on-demand platforms.

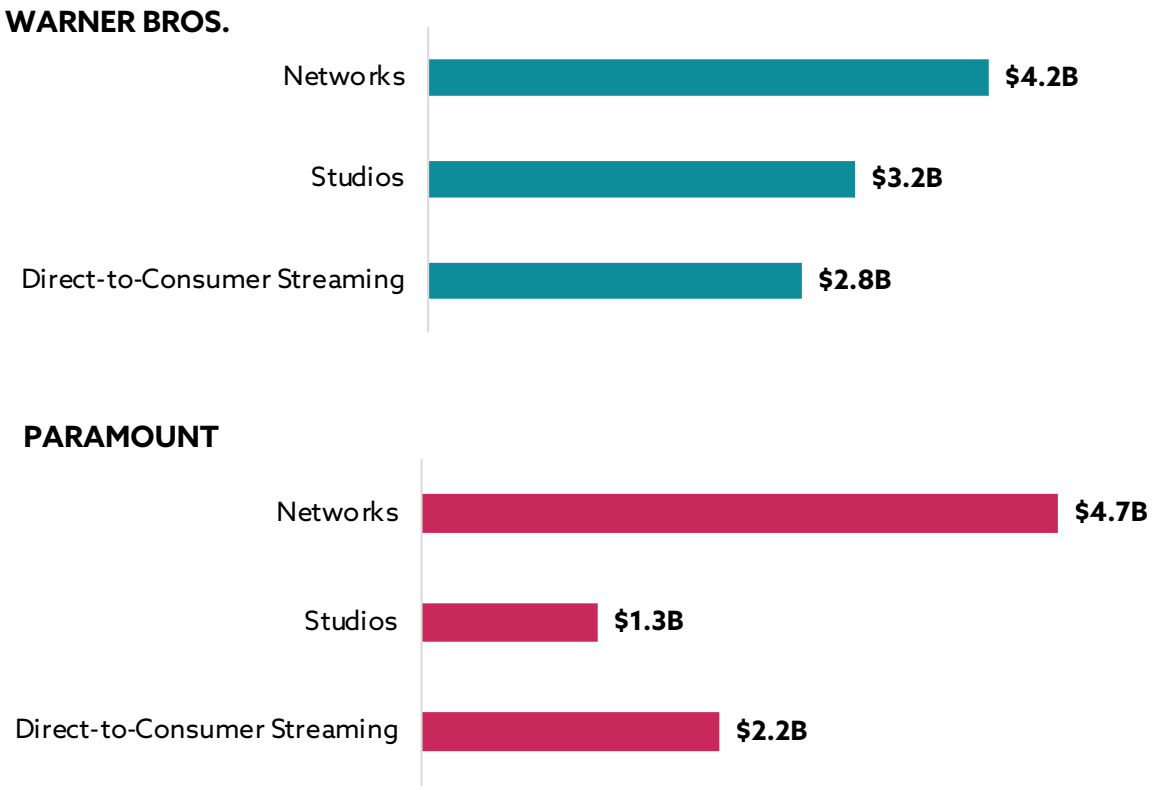
TOTAL VIEWERS BY NETWORK



Source: Nielsen, Variety, CVL Economics.

Linear television still funds the business even as its audience base declines

INCOME STATEMENTS
Q4 2025



Source: Q4 2025 Income Statements, CVL Economics.

Despite declining viewership, linear television remains a major revenue source for both companies. The revenue composition of both companies illustrates the transitional state of the media industry. At Warner Bros. Discovery, Networks remains the company's largest business segment, generating approximately $4.2 billion in quarterly revenue, compared to $3.2 billion from Studios and $2.8 billion from Streaming. Similarly, Paramount's TV Media segment generated approximately $4.7 billion in quarterly revenue, exceeding both its Direct-to-Consumer ($2.2 billion) and Filmed Entertainment ($1.3 billion) segments.

These revenue distributions highlight an important industry dynamic: despite years of investment in streaming services, traditional television businesses continue to represent a significant share of revenue.

At the same time, the audience trends presented in the previous section demonstrate that these businesses are facing structural headwinds. Across both companies, many flagship cable networks have experienced sustained declines in viewership as consumers increasingly migrate toward on-demand and streaming alternatives. This creates a difficult balancing act for media companies. While streaming businesses continue to grow, they have not yet fully replaced the revenue historically generated by cable and broadcast television.

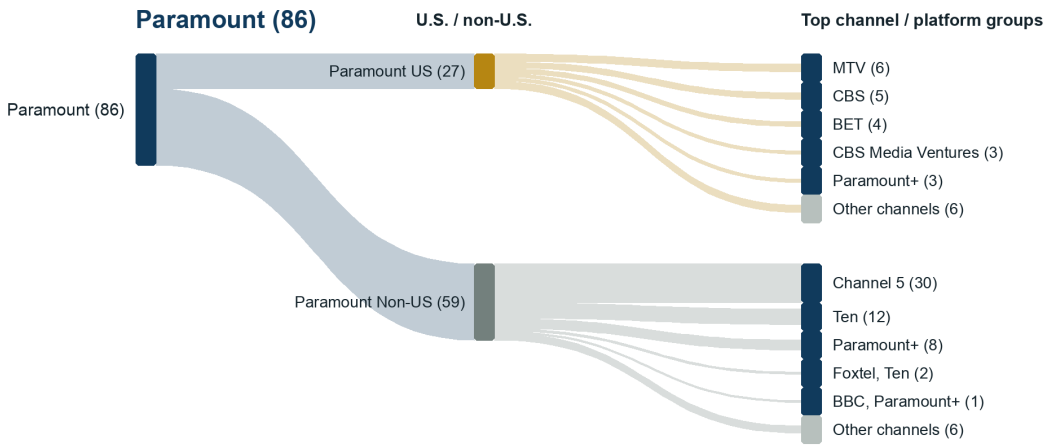
Both companies are navigating a period in which growth opportunities in streaming and direct-to-consumer distribution must be pursued alongside the management of declining legacy television assets. The combination of slowing linear audiences, evolving advertising markets, and the ongoing need to fund premium content production has contributed to increased pressure on media companies to improve operational efficiency, consolidate business units, and seek greater scale across their content portfolios.

Reality commissioning is much larger at WBD and geographically distributed

Reality commissioning differs materially across the two companies. The analysis identifies 86 Paramount reality commissions, including 27 U.S. and 59 non-U.S. commissions, and 429 WBD reality commissions, including 182 U.S. and 247 non-U.S. commissions and establishes the universe for the production-geography analysis that follows.

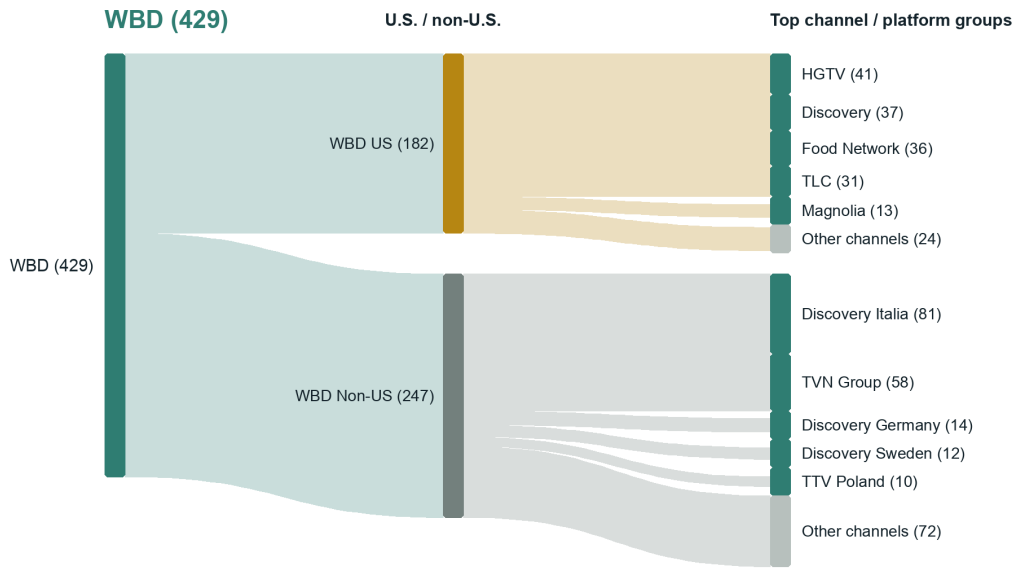
Paramount reality universe

86 commissions | 27 U.S. / 59 non-U.S.



WBD reality universe

429 commissions | 182 U.S. / 247 non-U.S.



Source: Ampere.

California captures some reality activity, but much is mobile or outside California

For Paramount, 4 of 25 unique U.S. shows are confirmed California. For WBD, 10 of 149 unique U.S. rows are confirmed California, with a large number mobile.

Paramount US universe 25 unique shows

4	5	10
CA floor	Mobile	Non-CA

WBD US universe 149 unique shows

10	46	49
CA floor	Mobile	Non-CA

Paramount: Outside California

SHOW	NET	ANCHOR
Survivor	CBS	Fiji
The Challenge	MTV	Santiago, Chile
Love & Hip Hop: Atlanta	MTV	Atlanta, Georgia, USA
Love & Hip Hop: Miami	BET	Miami / South Florida
Chopper Cops	Paramount+	Marion County, FL

WBD: Outside California

SHOW	NET	ANCHOR
Chef Swap at the Beach	Cooking Channel	Myrtle Beach, SC
Wardens of the North	Animal Planet	Michigan, USA
Gold Rush	Discovery	Yukon / Alaska
Moonshiners	Discovery	Appalachia
Home Town	HGTV	Laurel, MS
Fixer to Fabulous	HGTV	Bentonville, AR
Renovation Aloha	HGTV	Oahu, HI

Source: Ampere.

Audience growth does not automatically translate into Los Angeles County production growth

Evolving Consumer Viewing Preferences

Consumer viewing habits have changed significantly over the past decade as audiences increasingly favor on-demand streaming services over traditional linear television. While theatrical releases remain an important part of the entertainment ecosystem, streaming platforms have become the primary means through which many consumers discover and consume content. As a result, media companies are increasingly adapting their business models to align with changing consumer preferences and viewing behaviors.

Competition Beyond Traditional Media

The competitive landscape for entertainment companies has expanded beyond traditional film studios and television networks. Consumers increasingly divide their time among streaming services, social media platforms, gaming, user-generated content, and other digital entertainment options. This broader competition for audience attention has intensified pressure on media companies to maximize the value of existing content libraries, invest selectively in new programming, and identify more efficient operating models.

Scale as a Competitive Necessity

As audiences become fragmented across a growing number of streaming services, scale has emerged as a critical competitive advantage. Large subscriber bases, expansive content libraries, and globally recognized intellectual property help companies attract and retain audiences in an increasingly crowded marketplace. Within this context, the proposed combination of Paramount and Warner Bros. Discovery can be viewed as part of a broader industry effort to build the scale necessary to compete with larger streaming platforms and meet evolving consumer expectations.

Implications for Los Angeles County

While consumer demand for content remains strong, growth in audience engagement does not necessarily translate into increased production activity within Los Angeles County. As discussed throughout this report, production location decisions are increasingly influenced by factors such as labor costs, tax incentives, production infrastructure, and international competitiveness. Consequently, even as streaming platforms expand and consumer demand evolves, the economic benefits associated with content production may continue to accrue outside the region unless underlying cost and competitiveness challenges are addressed.

The local implication is clear: Los Angeles County must compete for production capture, not just rely on studio headquarters and historic industry concentration.

Future investment depends on both output volume and local capture

The combined company may maintain substantial content investment if streaming growth, theatrical performance, and synergy capture meet management expectations.

Local impact will depend on a second condition: whether that investment is converted into Los Angeles County production, post-production, vendor spending, and enterprise employment.

For policy purposes, the relevant indicators are greenlights, renewals, season length, production location, tax-credit use, local vendor spending, and facility utilization.

04 Commissioning and production geography

Commissioning trends are the leading indicator of project-based workforce demand

Consumer and revenue trends have translated into meaningful changes in how media companies commission, produce, and distribute content. As the industry has shifted from a period of rapid streaming expansion toward greater emphasis on profitability and operational efficiency, content investment strategies have evolved across both Paramount and Warner Bros. Discovery.

This section examines how those broader market dynamics are reflected in commissioning activity, production portfolios, and production location decisions. Particular attention is given to trends in scripted television, unscripted programming, feature films, and platform-specific commissioning activity, as well as the geographic distribution of production and the competitive factors influencing location decisions.

If the Paramount–WBD deal closes, the industry will have four major studios (Disney, Universal, Paramount-WBD, Sony) plus three tech-backed streamers (Netflix, Amazon, Apple) and a handful of smaller entities (Lionsgate, A24). The net number of truly independent commissioning entities is arguably lower than in 2005, despite the streaming revolution.

Understanding these trends is important because commissioning activity serves as a leading indicator of future production volume and workforce demand. While the proposed acquisition has generated significant attention, many of the changes affecting production activity were already underway. Consequently, assessing potential impacts requires distinguishing between acquisition-related effects and broader structural shifts occurring across the entertainment industry.

The central distinction is important: some production changes are merger-related, while others reflect broader structural shifts already underway.

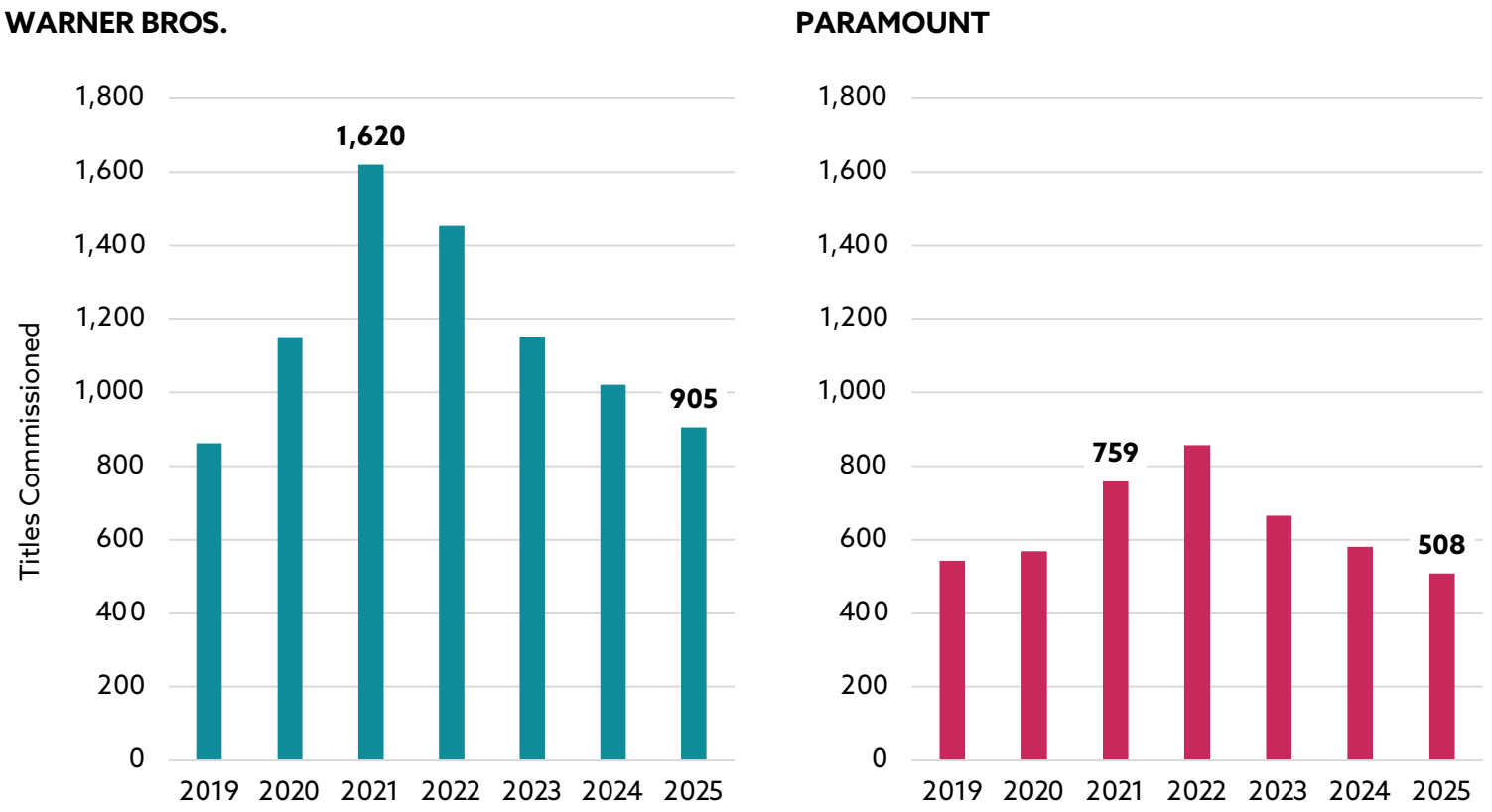
Commissioning has fallen from streaming-boom peaks at both companies

The years leading up to the proposed Paramount–Skydance and Warner Bros. Discovery transaction were marked by significant shifts in content commissioning activity across the media industry. Following a period of rapid expansion driven by the streaming boom, both companies have experienced a notable pullback in the number of projects entering the production pipeline.

Warner Bros. Discovery increased annual commissioning volume from approximately 850 titles in 2019 to a peak of 1,620 titles in 2021. Since then, commissioning activity has steadily declined, reaching 905 titles in 2025. Paramount experienced a similar pattern, growing from approximately 540 titles in 2019 to a peak of more than 850 titles in 2022 before declining to 508 titles in 2025.

These trends suggest that the contraction in commissioning activity reflects broader changes occurring throughout the entertainment industry.

GLOBAL TITLES COMMISSIONED
2019 - 2025



Source: Ampere Analysis, CVL Economics.

Scripted television has absorbed the steepest commissioning pullback

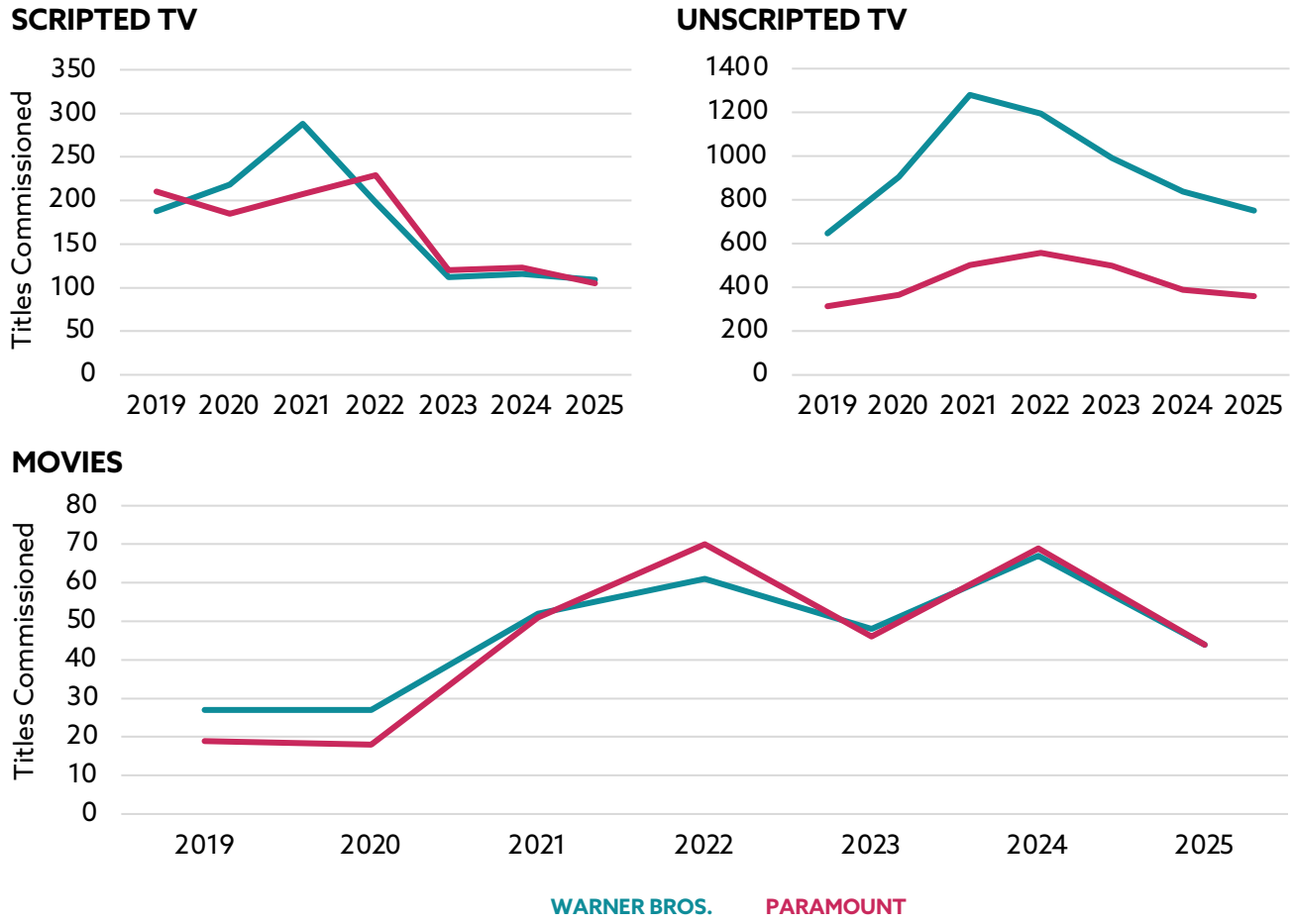
While overall commissioning activity has declined across both companies since peak levels, the contraction has not been evenly distributed across content categories. The most significant reductions have occurred in scripted television, where commissioning volumes have fallen by more than 50 percent at both companies.

Unscripted television has also experienced a decline from peak commissioning levels, though the contraction has been less severe than in scripted programming. Warner Bros. Discovery continues to maintain a substantially larger unscripted portfolio than Paramount, reflecting its extensive collection of lifestyle, reality, and factual programming brands. However, broader industry trends suggest that unscripted production has not been immune to recent market pressures. U.S.-produced unscripted television premieres have declined in recent years, while international unscripted programming has expanded across major streaming platforms. Feature film commissioning has remained comparatively stable over the period analyzed, with annual film commissioning volumes in 2025 remaining well above pre-streaming-era levels.

This trend is particularly significant from a workforce perspective. Scripted television has historically served as one of the industry's most reliable sources of production employment, supporting writers, actors, directors, production crews, post-production workers, and a broad network of supporting vendors over multiple seasons. Long-running series such as *NCIS*, *Matlock*, and other procedural and franchise-based productions can generate recurring employment opportunities that extend well beyond a single production cycle. As a result, declines in scripted commissioning may have implications that extend beyond the number of titles ordered, affecting the stability and continuity of production employment throughout the entertainment ecosystem.

MOVIE AND TV TITLES COMMISSIONED

2019 - 2025



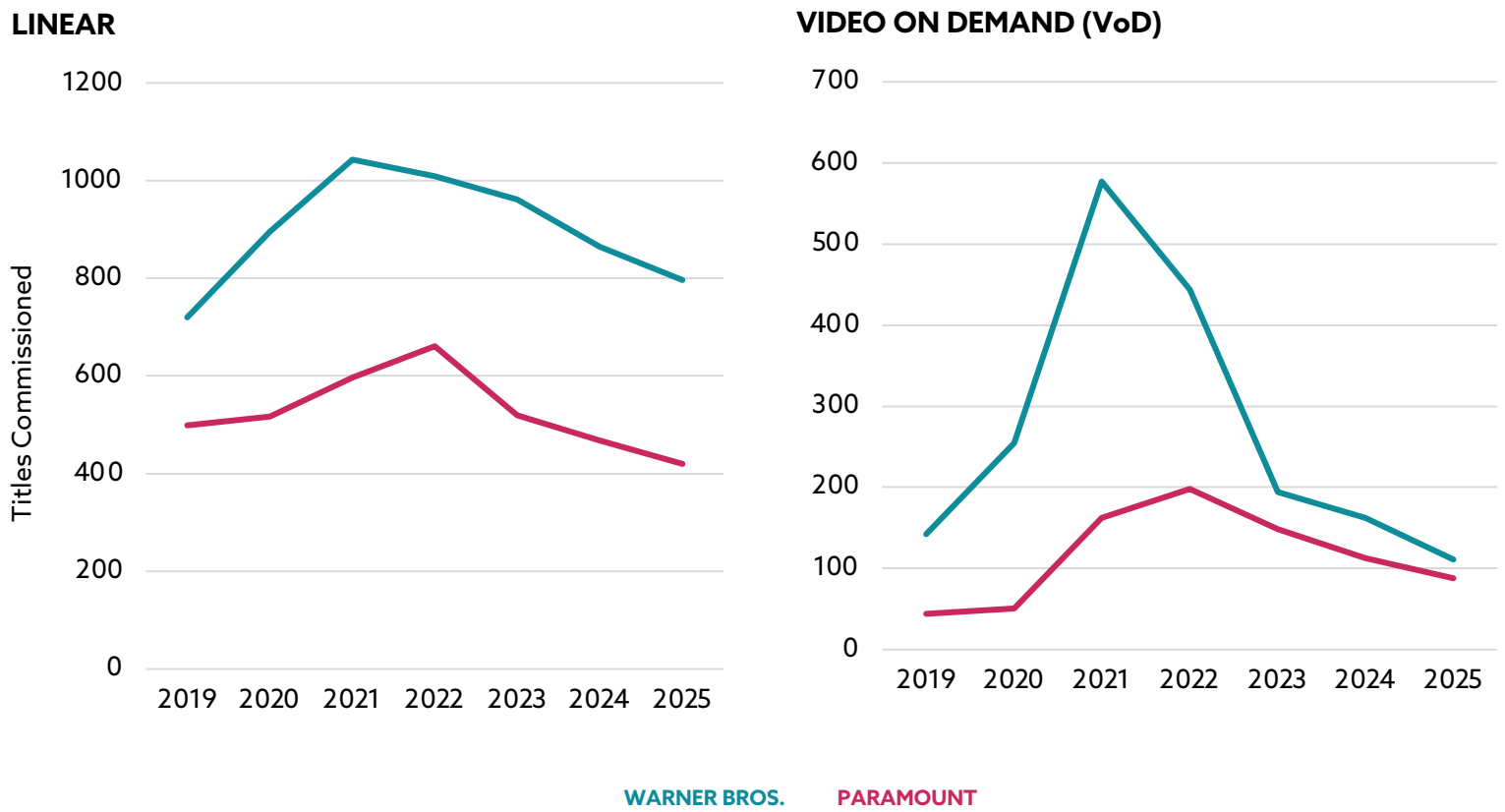
Source: Ampere Analysis, CVL Economics.

Streaming commissioning has shifted from subscriber growth to profitability discipline

Commissioning activity for video-on-demand (VoD) platforms expanded rapidly during the height of the streaming boom before contracting sharply in recent years. VoD commissions increased substantially between 2019 and 2021–2022 at both Warner Bros. Discovery and Paramount as companies invested aggressively in streaming content and subscriber growth. Since then, streaming-originated commissioning has declined significantly, while linear television commissioning has remained comparatively more stable.

This trend is notable because it occurred during a period in which consumer viewing continued to shift toward streaming platforms. Rather than reflecting weakening demand for streaming content, the decline appears to reflect a broader industry transition from subscriber acquisition toward profitability. During the height of the streaming expansion period, media companies prioritized rapid subscriber growth and invested aggressively in original content. As subscriber growth slowed and investors increasingly focused on financial performance, companies adopted more selective commissioning strategies and placed greater emphasis on operating efficiency.

TITLES COMMISSIONED BY PLATFORM
2019 - 2025



Source: Ampere Analysis, CVL Economics.

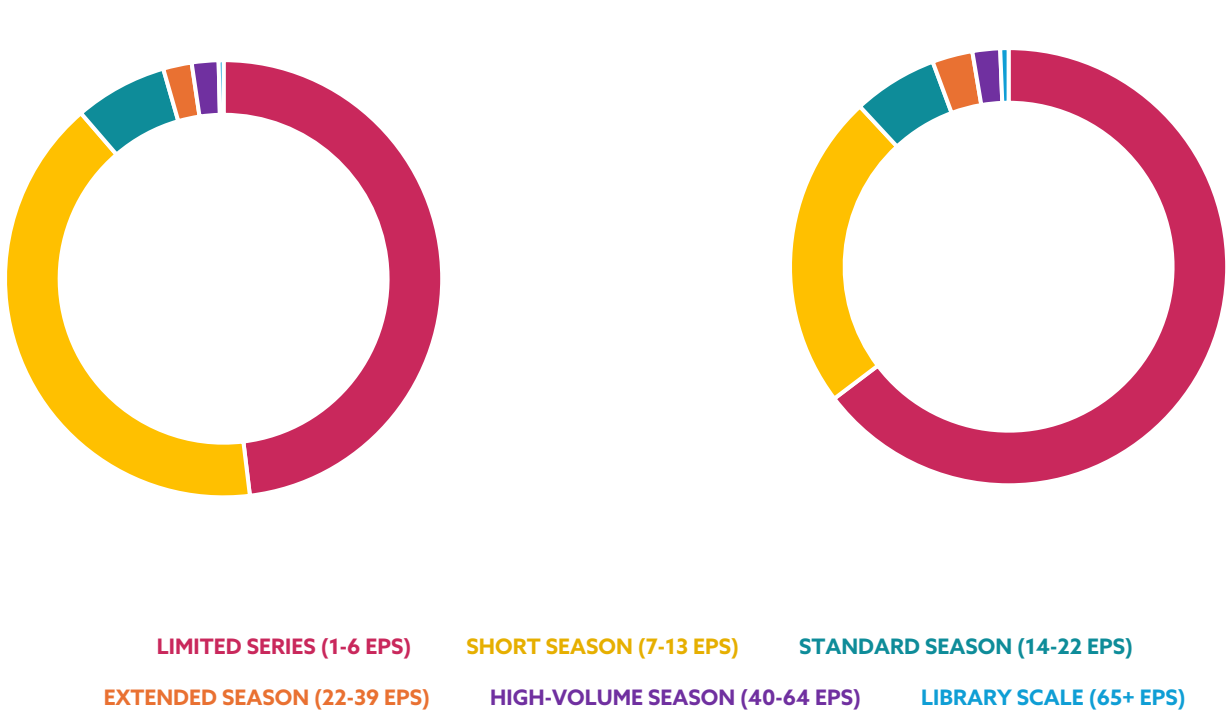
Shorter seasons weaken the employment value of each title

Across both companies, television commissioning is heavily concentrated in limited and short-season formats, with relatively few long-running series orders. This reflects a broader industry shift away from traditional network-era production models and toward shorter seasonal orders associated with streaming and contemporary television distribution.

From a workforce perspective, shorter season lengths may translate into fewer production days and less sustained employment per commissioned title than historically associated with longer-running television series.

The title count alone therefore understates the change in production-worker exposure.

TV TITLES BY SEASON LENGTH
2019 - 2025



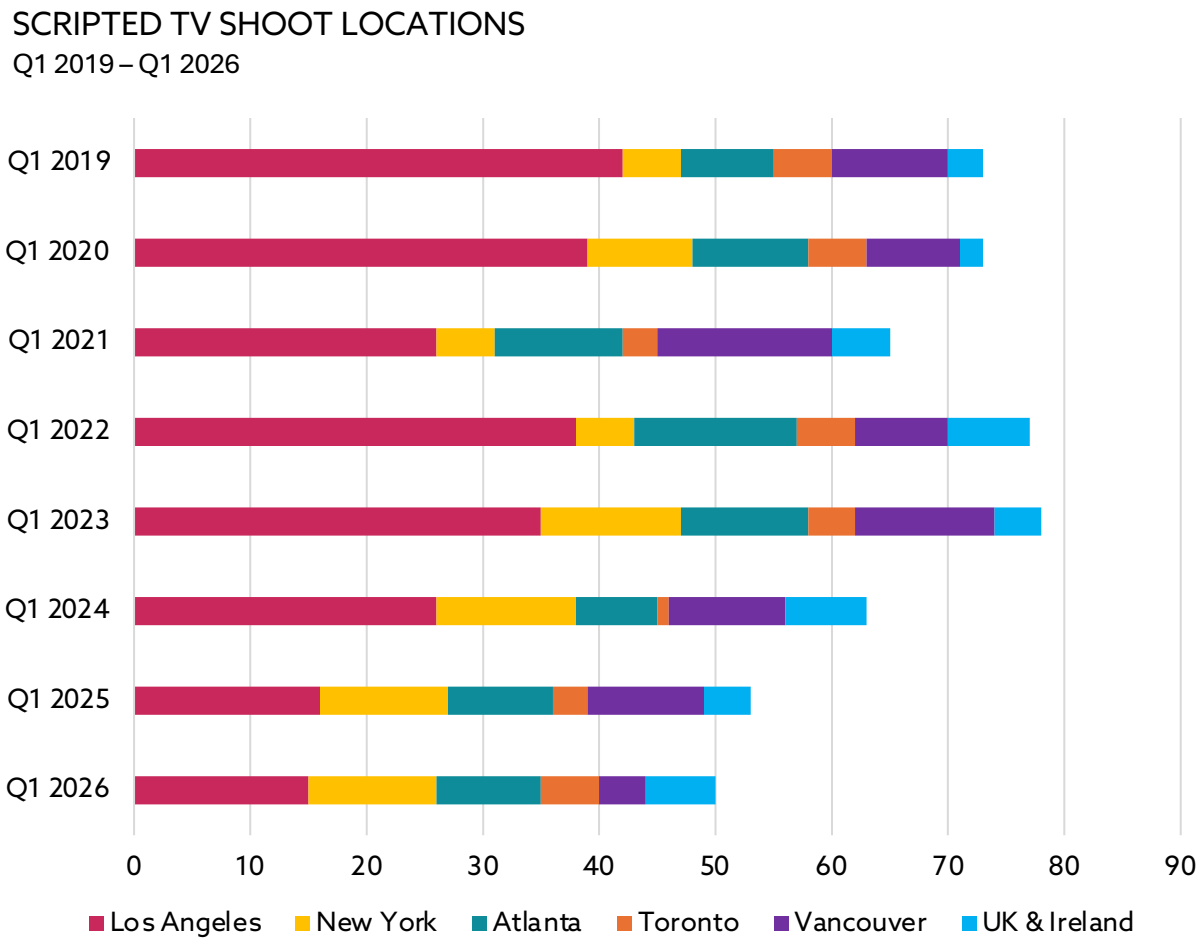
Source: Ampere Analysis, CVL Economics.

Los Angeles has lost scripted TV production share among leading production centers

Over the past decade, film and television production has become increasingly geographically dispersed. While Los Angeles remains the historic center of the U.S. entertainment industry, studios and streaming platforms now routinely evaluate a growing number of domestic and international production locations based on factors such as production incentives, labor costs, infrastructure availability, workforce capacity, and operational flexibility. In particular, the expansion of aggressive film and television tax incentive programs across numerous states and countries has intensified competition for production activity. As a result, production that was once heavily concentrated in Southern California has become distributed across a broader network of competing jurisdictions, including New York, Georgia, Canada, the United Kingdom, and other emerging production hubs.

The number of scripted live-action television series filmed in Los Angeles during the first quarter of the release year declined from 42 productions in 2019 to 15 productions in 2026, a decrease of approximately 64% While production activity has fluctuated across all major filming locations during this period, Los Angeles has experienced one of the most significant declines among leading production centers.

This geographic redistribution has important economic consequences, as production spending supports not only writers, actors, and directors, but also production crews, post-production workers, equipment vendors, transportation providers, lodging establishments, and numerous other businesses throughout the production supply chain. As filming activity becomes more geographically distributed, an increasing share of these economic benefits accrues outside Los Angeles and California.



Source: Luminate, CVL Economics.

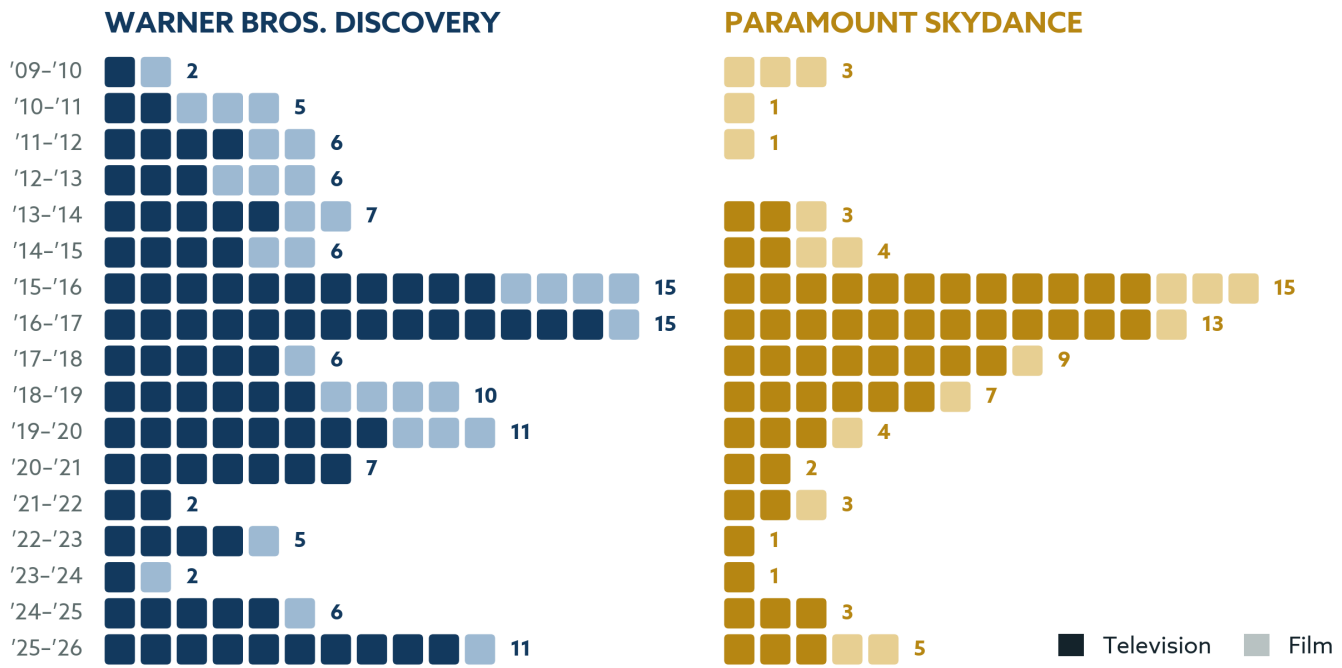
California tax-credit use by both companies is concentrated in recurring television

Approved project counts show that California's program has been especially important for recurring television.

The count pattern reflects repeat seasons of existing titles, not only new intellectual property.

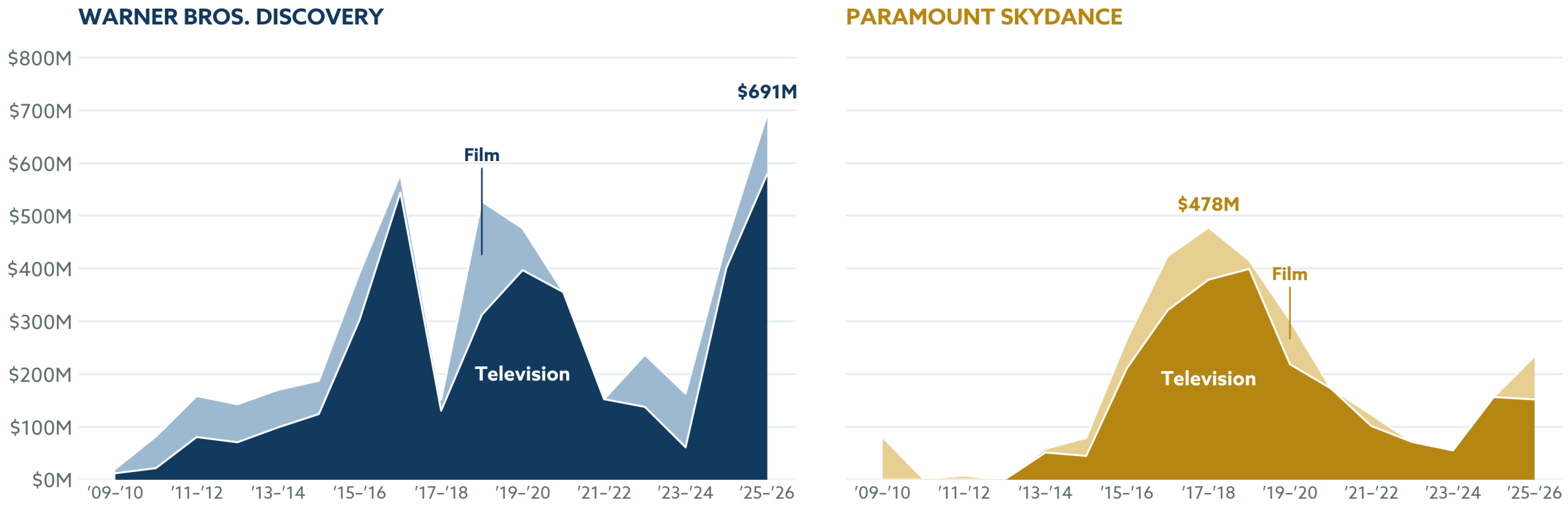
Film projects appear less frequently in the observed allocation history.

This matters for Los Angeles County because recurring television can support more stable employment and vendor relationships than one-off projects.



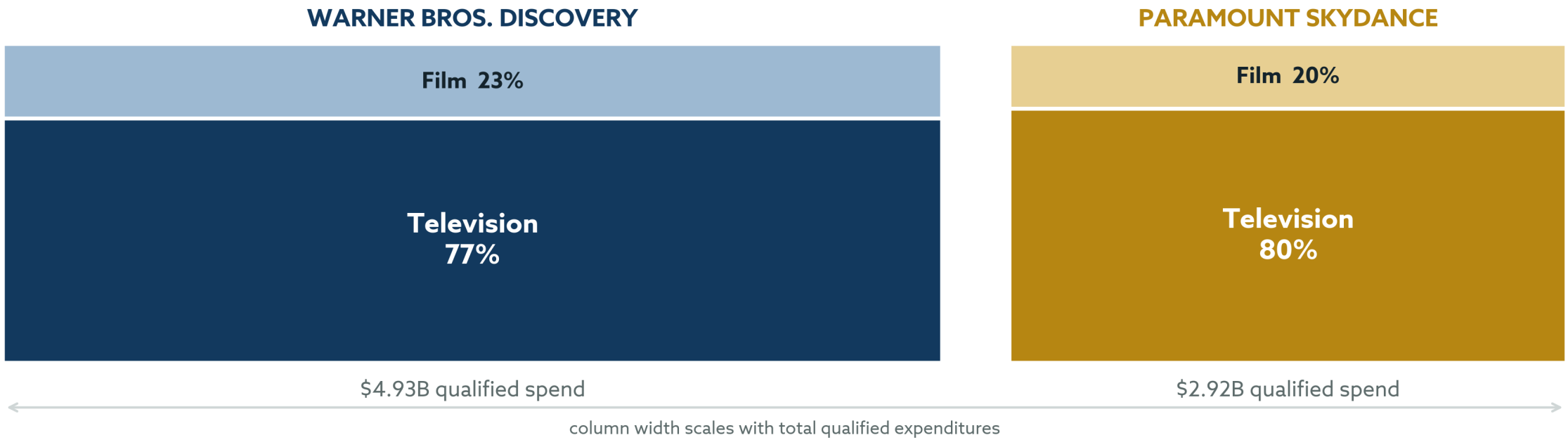
WBD has the larger and more volatile California tax-credit footprint

The two panels tell a story of a rising tide that lifts both companies after California's 2015 program expansion, but on very different rhythms. Warner Bros. Discovery is the larger and more volatile footprint: it climbs through the mid-2010s, collapses in FY2017-18, and then builds to a program-record $691M in FY2025-26 — a peak powered almost entirely by returning HBO- and Warner-scale series. Paramount Skydance, by contrast, peaks earlier and lower, cresting at $478M in FY2017-18 when Top Gun: Maverick ($99.0M) sat atop a thick base of CBS television (S.W.A.T., 13 Reasons Why), before drifting down for most of the next decade.



Both companies' California tax-credit footprints are overwhelmingly television

The column widths show that WBD's lifetime footprint ($4.93B) is roughly 1.7× Paramount's ($2.92B), and the heights show that both families are overwhelmingly television by spend — 77% TV for WBD, 80% for Paramount. WBD's top line items are Winning Time and the Westworld run, while Paramount's are Star Trek: Picard 2 and 3. Film activity exists, but it is episodic and title-specific. The stronger policy signal is the importance of television production to California's retention strategy.



Los Angeles competes on ecosystem depth, but loses projects on cost and incentives

Los Angeles County remains the deepest production ecosystem in the United States, with specialized labor, vendors, stages, post-production capacity, creative talent, and studio infrastructure.

That ecosystem advantage is no longer sufficient on its own. Competing jurisdictions use tax credits, lower costs, purpose-built infrastructure, and streamlined approvals to attract production.

For County policy, the issue is not whether Los Angeles remains important. It is how much incremental production spending the region can retain or win when studios compare locations.

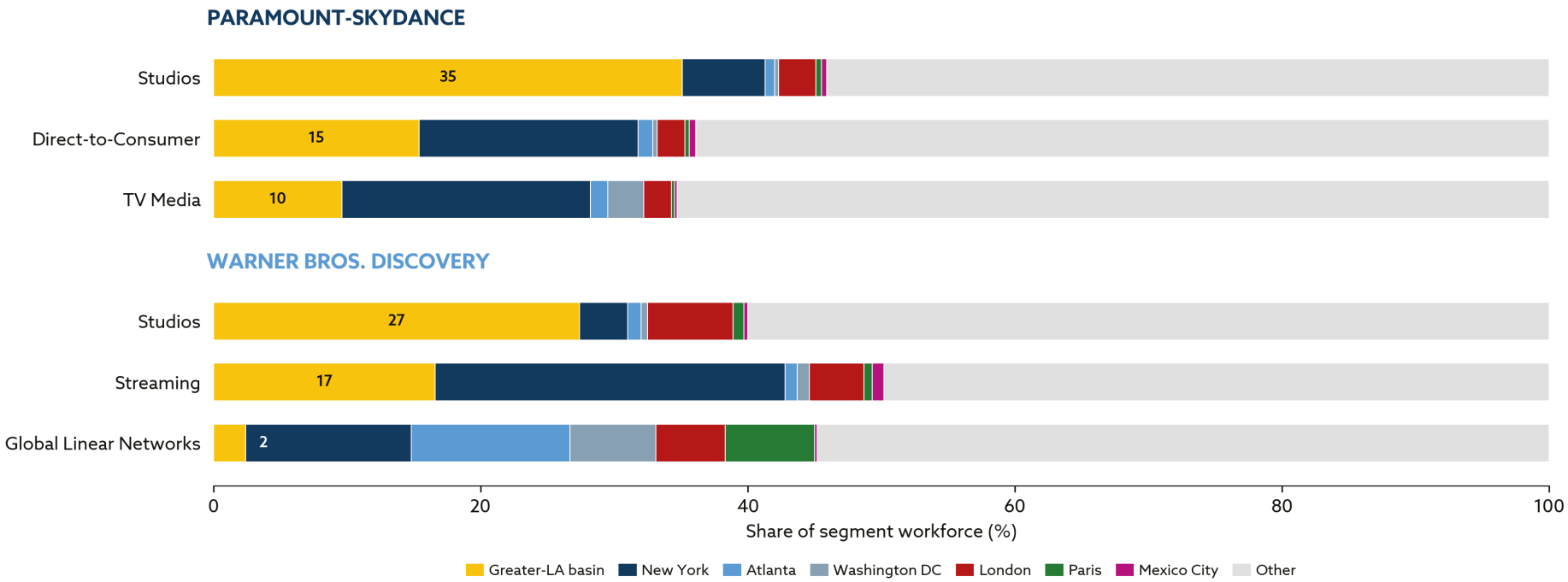
05 Los Angeles County workforce and economic impact

Studio employment is the local concentration point, while other segments are more geographically distributed

The Greater Los Angeles basin accounts for a much larger share of studio workforce than of linear, streaming, or broader enterprise functions. This means local risk is concentrated in studio and production-adjacent operations, not evenly across the entire enterprise.

Where each division sits: geography by segment

Studios concentrates in the LA basin; news, sports and linear networks distribute across NY, Atlanta, DC, London and Paris.



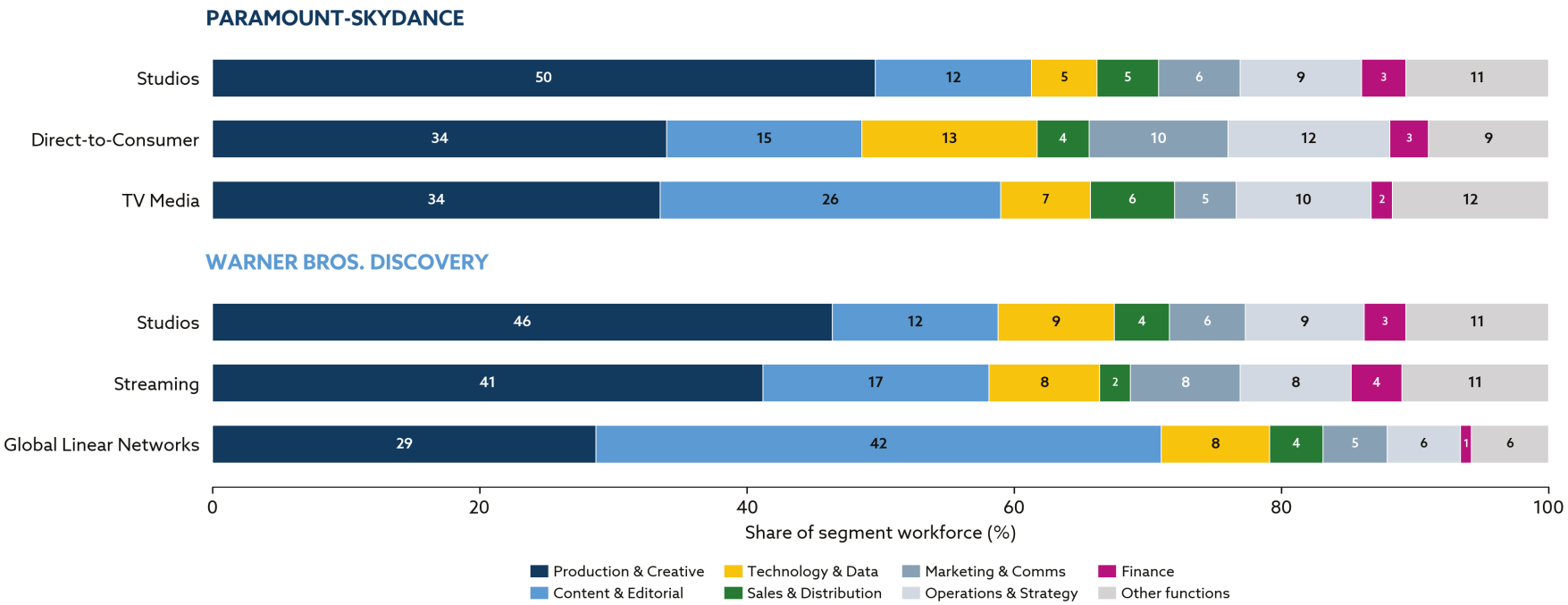
Source: CVL Economics workforce benchmarking analysis; data reflect anonymized, aggregated professional profiles across select geographies.

Functional mix explains why some segments are more exposed to merger synergies than others

Corporate, technology, marketing, communications, finance, HR, distribution, and operations roles are more directly exposed to integration. Streaming and Direct-to-Consumer carry more technology and data functions.

What each division does: functional composition by segment

Studios is production-led; linear networks are content-and-editorial; streaming and direct-to-consumer carry more technology.

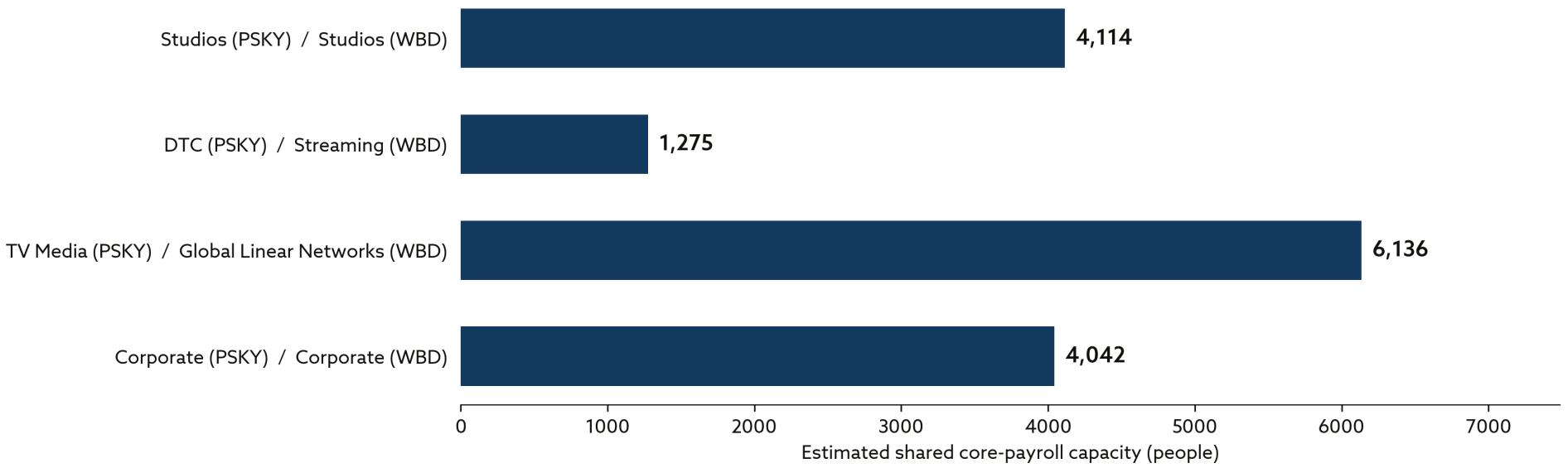


Source: CVL Economics workforce benchmarking analysis; data reflect anonymized, aggregated professional profiles across select geographies.

Shared capacity is largest in linear networks, studios, and corporate functions

The analysis identifies substantial shared core-payroll capacity across comparable business areas. The largest shared-capacity estimate is TV Media and Global Linear Networks at 6,136 people, followed by Studios at 4,114 and Corporate at 4,042. Direct-to-Consumer and Streaming account for 1,275. These estimates indicate where duplicated capability exists. They should not be read as a forecast of job losses.

Shared functional capacity, by capability

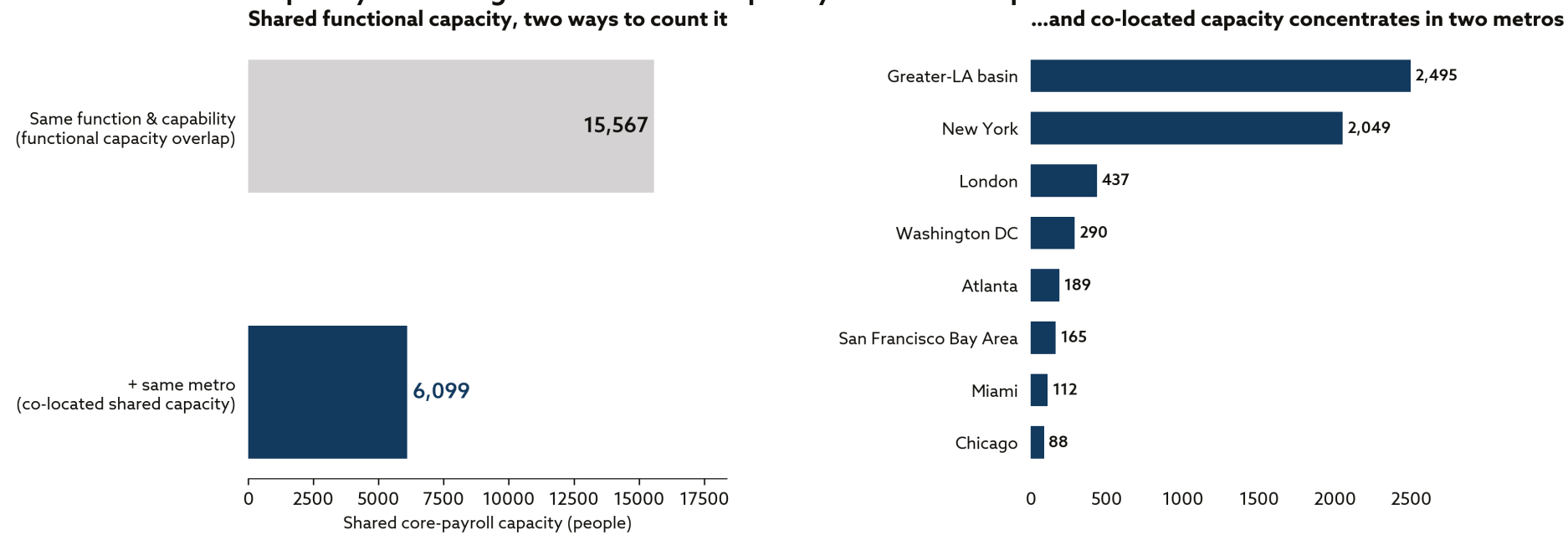


Source: CVL Economics workforce benchmarking analysis; data reflect anonymized, aggregated professional profiles across select geographies.

Los Angeles is the largest co-located overlap market in the transaction

Shared functional capacity is much larger when measured across the enterprise than when limited to the same function in the same metro. The analysis estimates 15,567 people in same-function and capability overlap, and 6,099 in co-located shared capacity. Greater Los Angeles is the largest co-located overlap market, with 2,495 roles, followed by New York with 2,049. This is the clearest measure of local enterprise exposure.

Shared functional capacity is far larger than shared capacity in the same place



Source: CVL Economics workforce benchmarking analysis; data reflect anonymized, aggregated professional profiles across select geographies.

Merger-driven risk and production-capture risk require different responses

If completed, their merger would represent the third merger for former WarnerMedia employees in eight years — AT&T (2018), Discovery (2022), and Paramount Skydance (2026).The proposed merger structure loads the new company with debt. The combined company opens with approximately $82 billion in pro-forma gross debt, roughly 7x EBITDA before synergies, against a junk BB+ credit rating.

Enterprise consolidation risk is direct: duplicated functions can be consolidated as part of integration.

The second is the slate-dependent creative and production workforce: the trades, crafts, below-the-line workers, post-production specialists, vendors, and support services that assemble project by project to produce content. This workforce is exposed to a different set of risks than enterprise staff. Its outlook depends not only on whether the combined company commissions films and television series, but also on whether that work goes into production in Los Angeles County.

Production-capture risk is contingent: workers are affected by greenlights, renewals, budgets, season length, production location, tax-credit use, and vendor spending.

The evidence points to a deeper structural challenge. Production work has been migrating away from Los Angeles for years, driven by tax incentives, lower-cost production environments, infrastructure investments in competing jurisdictions, and the increasing mobility of both scripted and unscripted production. The draft report's review of 2025 Paramount and Warner Bros. theatrical releases found that only one of nineteen reviewed titles was principally filmed in California, underscoring that release volume alone does not guarantee local production spending.

Because that production-workforce exposure is broader than the merger itself, this 60-Day Report treats it as a critical risk channel rather than a fully quantified impact. The follow-up 120-Day Report will provide the fuller analysis of production-worker implications, including the longer-term erosion of local production capture, the role of competing incentive regimes, and the potential effects on crews, crafts, post-production workers, vendors, and production-serving small businesses.

Note on terminology

Enterprise & Commercial Operations Workforce. The salaried, W-2 workforce employed by the corporate entity to run the company as a continuing business, independent of any individual title or production. It comprises the corporate and general-and-administrative functions (executive leadership, finance and accounting, legal, human resources, corporate communications, strategy, and investor relations); the commercial functions that monetize content (advertising sales, affiliate and distribution sales, subscriber and consumer operations, pricing, and brand and corporate marketing); the technology and platform functions (enterprise IT, data, cybersecurity, and the engineering and operations that run the streaming and linear delivery stacks); network and distribution operations (playout, scheduling, traffic, and broadcast operations); and the creative-executive and studio-administration layer that commissions and oversees content (development and programming executives, business and legal affairs, physical-production management, and studio finance, marketing, and distribution).

Slate-Dependent Creative & Production Workforce. The creative talent and the broader vendor and supplier ecosystem that mobilize to bring an individual title or project to life and demobilize when it wraps. It comprises the above-the-line creative principals (writers, directors, producers, showrunners, and on-screen talent); the below-the-line crafts and trades that physically make the content (camera, lighting, grip, sound, art department, set construction, wardrobe, hair and makeup, and production support); the post-production and specialized creative vendors (editorial, visual effects, animation, sound mixing, scoring, and localization and dubbing); and the production-services supply chain that surrounds them (soundstage and facility rental, equipment and camera rental, catering, transportation, location services, and production-payroll providers). Most of this workforce is engaged project by project on a freelance, contingent, union-covered, or third-party-vendor basis rather than on permanent corporate payroll, and a substantial part of it sits outside the company entirely, in the supplier base it commissions. Its size scales directly with the content slate, the number of projects greenlit and the production spend behind them, not with the corporate structure.

It is the population the California film and television tax credit is designed to retain, and the transaction reaches it not principally through corporate layoffs but indirectly, through decisions about commissioning volume, facility demand, and supplier multipliers.